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CONFIDENTIAL

TITLE: COLLECTIVE BARGAINING IN THE AUTOMOBILE MANUFACTURING INDUSTRY

AUTHOR: Professor Norman Coates,  
Wharton School of Finance and Commerce,  
Department of Industry,  
University of Pennsylvania,  
Philadelphia, Pa. 19104,  
U.S.A.

DRAFT STUDY

prepared for

*Canada*

**TASK FORCE ON LABOUR RELATIONS**  
**(Privy Council Office)**

*F. St. John's*

PROJECT NO.: 55 (g)

Submitted: OCTOBER 1967

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## PART I

### S U M M A R Y   O F   S T U D Y

Purpose of the Study: This study of ~~the~~ collective bargaining in the automobile manufacturing industry in Canada was commissioned by the Task Force on Labour Relations. The broad terms of reference of the Task Force, as defined by Prime Minister Pearson, embraced a number of broad studies supplemented by some specific industry studies, of which this is one. The intention of the industry studies is to portray clearly the nature of the industrial relations system within the particular industry, comprising and within the individual companies ~~within~~ it. In the process, the structural aspects of the collective bargaining relationship, that is, the respective company and union organization for bargaining purposes, the nature of the bargaining units, the scope of the contracts, and related matters, ~~are~~ described. Attention is given to the substantive issues in collective bargaining, affecting wages, hours and working conditions. Within certain, defined limitations, this study, therefore, has sought to indicate the contemporary, and likely future, problems and issues in the labour-management relationship in the automobile industry. The preliminary nature of this study precluded a more detailed examination of the history of bargaining in the industry. A longer-range study is underway and will be completed in the Autumn of 1968.

## SUMMARY OF THE STUDY (CONT.)

Limitations of the Study: This study was carried out between May, 1967, and September, 1967, to meet a deadline set by the preliminary Task Force, so that recommendations could be made to the Prime Minister by the Autumn of 1967. Although the author of this study had been undertaking research for some years on the impact of the 1965 United States-Canadian Automobile Agreement on collective bargaining in the industry, it was still not possible, in the few months of the summer of 1967, to carry out a comprehensive study of collective bargaining. Indeed, the contacts in the companies and unions, made over these past few years, alone permitted the intensive interview schedule carried out at a time when the parties had already entered into negotiations. With these limitations in mind, the study ~~neglected~~ concentrated on the current issues and problems. Where such issues, for example, conciliation procedures, wage parity for Canadian automobile workers, etc., were being handled by other members of the Task Force, little attention was given here. Again, since negotiations in Canada may likely continue to the end of the year 1967 (the Ford of Canada agreement with the United Automobile Workers expires December 1, 1967), and since the entire United States-Canadian Automobile Agreement is up for renewal in 1968, only the most tentative conclusions could be made.

## SUMMARY OF THE STUDY (CONT.)

Major Findings of the Study: Collective bargaining in the automobile manufacturing industry in Canada is a viable institution which has proven itself over a thirty-year period from 1937-1967. There are, of course, some strains which reflect the growth of the industry, of the individual companies, and of the Union. Some of these strains would be inevitable in view of the complexity of the labour-management-government relationships, ~~and of the issues involved,~~ ~~and~~ Some cannot be solved by collective bargaining, in any event. The institution of collective bargaining has promoted peaceful labour relations and has contributed to the growth and prosperity in Canada.

The bulk of Canada's automobile manufacturing industry lies within the Province of Ontario. Ontario legislation, principally the Ontario Labour Relations Act, governs labour-management relationships in the industry. Other Task Force studies have sought to evaluate various aspects of provincial and Federal legislation, and this study did not duplicate these efforts. ~~Some recommendations were given~~ Obviously, the structure of collective bargaining has in no small way been affected by Federal Government war-time ~~legislation~~ regulations, as well as by the Ontario legislation, but this could only clearly be shown in an historical assessment of the evolution of labour relations in the industry. This study did find

out the attitudes and experience of the parties with conciliation. The companies have taken a public position in favour of the two-step conciliation procedure. The Union--the United Automobile Workers--has publicly opposed the procedure as being to advantageous to management, in permitting delays ~~in~~ serious negotiations. Impartial third parties, the chairmen of the conciliation boards, have said privately that both parties favour the procedure, since both can use it to meet different needs at different times. The conciliation board chairmen recognize that the twp-step procedure does help in bringing the parties together and this, inspite of the conventional wisdom that these procedures do not seem to be working very well in the automobile industry. Their success, or failure, however, surely cannot be measured by the fact that <sup>neither</sup> the officers, nor the boards, have submitted recommendations to the parties. Indeed, in most instances the entire board reports consist of hardly more than a paragraph. The conciliation officer and the conciliation boards are available <sup>and</sup> ~~or~~ <sup>I argued,</sup> and can be used by either or by both parties and they do contribute to bringing the parties closer together. Certainly, if the conciliation procedure is not overly effective in the case of the larger organizations, it must not blind us to the fact that the proeedure is most effective in the case of the smaller companies or unions.

On the basis of this preliminary analysis, the  
of this study, however,  
finding is that the element of compulsion in the conciliation  
procedure should be eliminated. In its place there should  
be given to the Minister of Labour, greater discretion in the  
use of conciliation officers or of boards. This finding is  
predicated on the fact that the procedure is of little or  
no use in the automobile manufacturing industry. Where, in  
the judgment of the Minister of Labour, the real end of  
conciliation or mediation might be served, namely, the bringing  
together of the parties to hasten the process of settlement,  
or to eliminate the possibility of a strike which might seriously  
affect the Province, then he may appoint either an officer or  
a board or both, if necessary. Such a proposal, however, could  
only be implemented if major changes are carried out in the  
organization, staffing and administration of the Ontario  
Department of Labour and in the industrial relations function  
in the universities in Canada.

*other*

There is one important finding in respect of the compulsory conciliation procedure which suggests that some change should be made. This is in the quality of the conciliation officers themselves, in their understanding, in depth, of the basic issues in collective bargaining.

Understandably, the one important quality ~~which~~ must be the ability to mediate a dispute. In addition to this, however, a conciliation officer must be well schooled in the complexities of the issues which separate and divide the parties. These issues to-day include <sup>matters</sup> ~~are~~ other than direct wage items, ~~are~~ themselves more easily subject to analysis. Such considerations <sup>include mainly;</sup> ~~are~~ productivity (the improvement factor increases); cost-of-living; supplemental unemployment benefits; guaranteed annual income; pensions; and insurance. The parties--labour and management--recognize one thing in common and that is the inability of the conciliation officers, if not the boards, to <sup>comprehend</sup> ~~understand~~ the technical and increasingly specialized kinds of competence required to understand the problems negotiated. In part, the problem cannot be solved as long as one conciliation officer must himself try to master these complexities. After all, the parties have access to a large number of specialists. Would the availability of such specialists, themselves impartial, be useful in the mediation process? No doubt that if such expertise were forthcoming from the research establishments--departments

of labour at federal and provincial levels, /the universities--  
the conciliation officer would be better able to comprehend  
the issues. His lack of expertise is reflected in the lack  
of expertise, the lack of intelligent and specialized studies,  
and this cannot be corrected until more specialists are  
educated and trained in Canada. These, in turn, cannot be  
educated until the labour relations specialty is given its  
rightful place in the university and until the level of  
graduate studies in this and other fields is upgraded  
substantially throughout Canadian universities.

No professional group has gained a position in society  
without first having a clear-cut, university-based, training and  
research base. This is just as true in the labour relations field  
as in any other. The absence of a full-fledged labour relations  
research base in Canada has contributed and will continue to  
contribute to one of the areas of "strain" in collective  
bargaining.

There are some broad political and economic  
problem-areas which were found to affect industrial relations  
in the automobile industry. Some of these are peculiar to  
that industry; others will be common to all industries.  
~~\*\*\*~~ Each of these has some far-reaching public policy  
implication.

8

The most ~~farrreaking~~ significant problem-area is also, perhaps, one of the most complex. This is the question of the level of productivity of Canadian automobile manufacturing plants, and the relationship of this level to levels in similar plants in the United States. The implications ~~for~~ <sup>of</sup> the resolution of this question are ~~so~~ great, ~~that~~ They affect the entire Canadian economy and each family's budget. The Automobile Agreement ~~was~~ entered into by the Government of Canada in order to increase the level of productivity of Canadian automobile plants and in order to permit Canada to produce a fair share of the number of cars ~~they~~ Canadians were purchasing, thereby lessening the drain on the balance of international trade with the United States.

There is no question that prior to the signing of the Agreement by the two governments, on January 16, 1965, Canada's automobile industry was far less efficient than that in the United States, if only because of the impossibility of taking advantage of economies of size and scale in the relatively ~~smaller~~ smaller Canadian market. Canadians want the same range of models to choose from and, accordingly, <sup>in the past,</sup> the unit cost of these cars ~~were~~ <sup>was</sup> much higher than <sup>in</sup> the United States, where volume on any given model permits these economies of scale. Given the Automobile Agreement, ~~and~~ the integration of the North American automobile industry, and the rationalization

of Canadian operations, the problem then became: how long before productivity levels in Canada could match those in the United States? The companies estimate several years. The two and a half UAW estimates that ~~the~~<sup>three</sup> years since 1965 should be sufficient. In the absence of hard data, it is difficult to establish what the real picture is.

If productivity levels were roughly similar for comparable operations on both sides of the border, there would be a logical pressure for one or all of the following to occur:

- car prices in Canada would be reduced to of car prices any necessary levels/in the United States; or, Canadian car price increases would not be made;
- tariffs for consumers in Canada, of United States cars, would be eliminated;
- expanded car sales that might result would result in increased profits for the companies;
- wages for workers in the automobile companies could be increased to levels more nearly corresponding to earnings of United States automobile workers doing similar work.

Other effects can, of course, be traced. But these effects alone indicate what is at stake for Canadian consumers, for the politicians, for the companies and for the UAW members. We are accordingly dealing with <sup>three</sup> ~~two~~ levels of negotiation: one

between labour and management ~~and the~~ other between companies and governments, <sup>in the between</sup> ~~and~~ governments and another. The 1956

1965 Automobile Agreement is up for renewal on January 1, 1968. The collective bargaining agreements and negotiations may well run to the end of 1967 or very early 1968. The two sets of negotiations are very much related.

collective bargaining  
The ~~exist~~ current/~~wage parity~~ issue on wage parity

for Canadian workers in relation to their counterparts in the United States, for example, is inextricably tied up with the larger question of productivity in the Canadian automobile industry. A statement by the Canadian Minister of Industry in overall productivity on the average disparity/between Canadian and United States economies, produced more heat than light on the issue, and only served to alienate labour. The statement is, of course, correct as far as it goes, but it represents only half the truth. Productivity levels vary from one industry to another, from one company to another, in the same industry, and from one region to another in the same country. Levels of productivity in the Canadian steel industry, for example, on a plant to plant comparison, may very well equal, if not exceed levels in United States steel plants.

It is recommended that the results of studies by the Economic Council of Canada on productivity, which will form the central theme of the Council's fourth Annual Report to be issued in September, 1967, be reviewed in the light of these findings. It is further recommended that when all relevant data

from wage parity and other Task Force studies, are in, consideration be given to proposing to the Government of Canada that it provide, publicly, information on productivity, even if this has to be on the basis of crude measures, and approximate estimates.

In this ~~xxxxxx~~ connection, also, it is recommended that the automobile manufacturing companies be asked to publish financial data, including profits, separately for their Canadian operations. *The failure of the big companies to publish such data goes to support the notion that they have something to hide.*

Among other problem-areas, also related to the effects of the Automobile Agreement on the industrial relations systems of the companies, and of the industry, is the increasing centralization of authority and decision-making in Detroit and Dearborn, Michigan, in the United States. Canadian operations have become more of a divisional, branch plant, operation, not only in respect of broad marketing, pricing, and financial policies, but also with respect to labour relations policies and collective bargaining also. This is a logical development in the integration and rationalization of an essentially North American industry. The development represents a problem-area because of the implications for Canadian nationalistic sentiments which often clash with some of the economic realities of the high degree of United States-Canadian economic interdependence. It is problematic, also, because who is going to urge the politicians to educate public opinion to these realities, to the point where a North American economic community,

which seems inevitably to be emerging, could shape with a maximum of public discussion and ~~existential~~ understanding.

Other issues facing labour and management in the automobile manufacturing industry are more specific, although some are equally complex. These are issues currently being negotiated, and the manner in which they may be resolved is uncertain. The implications ~~for~~ of some of the more important issues are discussed briefly here; others are examined in the body of the report.

The Guaranteed Annual Wage (GAW) demand made by the UAW to the automobile companies, which seeks to close, still further, the gap between supplemental unemployment benefits, unemployment insurance benefits, and a man's ~~max~~ take-home pay, would seem to be based <sup>as much</sup> ~~more~~ <sup>as on</sup> principles ~~than~~ on economics. Walter Reuther's current vision~~s~~ for the labour movement in North America, --which is the basis for his rift with the AFL-CIO--is to organize the unorganized. Since the service sector of the labour force is expanding (in the United States it represents more than 58%), and since ~~the~~ labour union membership is ~~is~~ declining in relative terms, the only hope lies in organizing white collar workers. As is well known, this has proved to be very difficult in the past. If Reuther succeeds in making the blue collar worker a fixed, rather than a variable, cost, and if he succeeds in breaking down the

distinction between these two groups, he may be able to realize this objective. The question remains as to what he is willing to trade, in a quid pro quo, for this concession from the companies.

Putting blue collar workers on a salary, thereby eliminating the basis for the individual comparisons between hourly-paid and salaried groups, may have far-reaching implications for the labour union movement in North America. Objections on the part of the companies that such a move would result in increased labour costs, higher absenteeism, and disciplinary problems, has not been borne out in the experience of such companies as International Business Machines. This company did have some initial problem when putting hourly-paid workers on salary, but very soon the workers adapted to their new status and freedom with the result that IBM has no higher rates of absenteeism than any other company. If, therefore, the UAW succeeds in this effort, there is a great likelihood that the other unions in the United States and Canada will follow suit.

The UAW's rift with the AFL-CIO--which has not affected the UAW's Canadian Region's relations with the CLC--is premised on the assumption that the AFL-CIO leadership have been the "complacent custodians of the status quo", as Reuther has said. While the UAW has withdrawn from the executive council of the AFL-CIO, it still retains ties to the organization. Reuther had intended to take up the battle with the AFL-CIO after he had completed negotiations in the automobile industry. However, on September 12 and 13, 1967, George Meany, President of the AFL-CIO, made public statements which seemed to indicate that he was not going to placate Reuther.

Reuther's strong position, not only as head of the UAW, but as a charismatic, national, figure in his own right, could be strengthened considerably by a favourable settlement of the current dispute. Should this occur, his battle with the AFL-CIO may gain some ground. Either he will succeed in helping to revitalize the North American labour movement, or he will take the UAW out of the federation and make his own, independent, way. Whatever develops, the internal problems of the North American labour movement bear watching, as the outcome can have important bearings on collective bargaining in both the United States and Canada.

The case study of GM of Canada's thirty years of negotiations and settlements with the UAW, and the case study of the 1967 Ford strike, ~~in~~ taken together with other data presented, clearly show that the UAW does have a slight edge in the balance of power in negotiations with the automobile corporations. Perhaps this is surprising in view of the size and power of the corporations. Perhaps the very size and power of the corporations, making them vulnerable to anti-trust and oligopoly charges, makes them more malleable. Certainly, the UAW strategy, of selecting one <sup>Company as a</sup> target, seems to have worked to the advantage of the Union. There is one overwhelming conclusion, however, <sup>and this is</sup> that the gains of the UAW have, in effect, represented ~~the~~ gains for the companies. Reuther's, and the UAW's strength, its ability to discipline the Union, represent advantages for the companies. High wages may be less costly in the long run. Certainly high wages are far cheaper than loss of control of the shop, something management has been careful to retain. Moreover, company profits--especially for GM and Ford--are very substantial, and represent high returns on net investment.

Finally, it may be said, by way of a preliminary conclusion on the nature of the industrial relations system in the Canadian automobile manufacturing industry, that the system is shaped to such an extent by international forces, principally emanating from the United States, that it is proper to speak of a North American industrial relations system. As such, this is an international system. The actors include the governments of both the United States and Canada, and of their respective states or provinces. The corporate actors are the corporations which are common to both countries. These United States corporations operate throughout the world, in any event, but their Canadian operations are, for all practical purposes, hardly different than their own domestic operations. The principal union actor is the United Automobile Workers. Again, this is a United States Union, extending into Canada, representing Canadian workers/~~with~~ the same corporations as they deal with in the United States.

The technology, market and related constraints, given the North American ~~Automobile~~ Agreement, are such as to force the development of highly similar national industrial relations systems, for the United States and Canadian <sup>etc</sup> ~~system~~, within the international system.

The one key difference lies in the legislative frameworks in the two countries. In the United States collective bargaining ~~xxxx~~ in the automobile manufacturing industry is subject to federal jurisdiction, in Canada to provincial jurisdiction. In both instances, however, there has been minimal interference in the process of collective bargaining. A far more exhaustive study would be needed to show how legislation had in fact shaped these respective national industrial relations systems.

The differing cultural patterns in the United States and Canada, the different economic, monetary, fiscal and related policies, also promote characteristics which vary between the two countries. Generally, however, the two national industrial relations systems are moving closer and closer together. A common product market will promote ~~a~~ common labour market. Common markets will tend to support the forces of collective bargaining exerted by the Union, to bring about similar wage levels and working conditions. Other forces, in addition, will serve to bring car prices to very nearly the same levels in the two countries. Much in this area is presently subject to speculation, but by the time the current negotiations are completed in 1968, a more clear-cut pattern~~s~~ will emerge.

Other Task Force studies will hopefully strengthen the conclusion that the developments in the automobile industry will bear close watching as they will have far-reaching consequences for the Canadian nation. This preliminary study's findings would certainly support any general recommendation for the consideration of bringing such vital industries under federal, rather than provincial, labour law.

## PART II

### INTRODUCTION TO THE STUDY

#### Purpose of the Study

This study is one of several industry studies the purpose of which is to record the basic characteristics of labour-management relations in <sup>the</sup> ~~the~~ industry. With one or two exceptions, no ~~such~~ studies of collective bargaining in Canadian industries have been carried out prior to 1967. With this in mind, the Prime Minister's Task Force on Labour Relations in Canada has commissioned such research so that current and future problems and issues in collective bargaining in Canada can ~~properly~~ be understood properly in their rich historical context. Due to the time limits set by the Task Force for this particular, initial, phase of research, more attention will be given in this paper to current problems and issues in collective bargaining in the automobile manufacturing industry in Canada. Many of these problems can only be discussed in terms of their historical development. Generally, however, these historical perspectives will only be briefly sketched in here, leaving to the second, longer-term, phase of the project a more thorough exposition of the evolution of collective bargaining in the industry.

## The Scope and Method of the Study

Re~~xx~~xxing in mind the immediate needs of the Task Force, ~~xx~~xx, to submit to the Prime Minister, by the Autumn of 1967, a preliminary report on labour-management relations in Canada. This study ~~intended~~ of collective bargaining in the automobile industry in Canada, bearing in mind ~~this~~ such a need, must <sup>therefore</sup> ~~best~~ be limited to what can be studied in a short period of a few months that would shed the most light on labour-management relations in Canada. While the automobile industry in Canada is of primary importance in the Canadian economy, labor relations in that industry are, after all, subject to provincial ~~ad.~~ <sup>legislation</sup> and not to Federal jurisdiction. The appropriate legislation governing the bulk of the industry is the Ontario Labour Act, with the Ontario Government and its respective ministries having full responsibility to encourage peaceful and satisfactory relations between the companies and their workers. The extent to which, in general terms, such an industry has an impact on the economy of the country as a whole can hardly be disputed. The conclusion of an Agreement, in January, 1965, between the governments of the United States and Canada, affecting tariffs in the automobile industry, is sufficient testimony of the importance to both countries of this industry, and especially of the significant rôle, in respect of <sup>the Country's</sup> ~~its~~ balance of payments position, that this Canadian segment of the industry plays.

Problems of this  
While thes/industry can be shown to have far reaching  
implications for the Canadian economy as a whole, it would be  
issue,  
prejudging the entire ~~problem~~ if an assumption were made at the  
outset that collective bargaining in this industry--and, specifically,  
settlements on wages, hours and working conditions--have  
equal significance for collective bargaining throughout Canada.  
This is a matter which would have to be proved or disproved  
on the basis of trends in the various industries over a period  
of years. This exercise, so basic to the concerns of this study,  
would represent a focus that of necessity would exclude other  
important problem areas. Fortunately, the Task Force has  
commissioned a number of other studies which will shed light  
on this issue.<sup>1</sup> It remains here to focus on the structure

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<sup>1</sup> see, for example, Task Force ~~page~~ project number 48, Wage Behaviour,  
by Mr. Allan A. Porter.

---

of collective bargaining in the automobile manufacturing industry  
in Canada, on the processes of bargaining and on the substantive  
and related problems and issues.

Again, in the interests of time, the automobile parts  
industry has to be excluded in this phase of the project, with  
the "Big Three", General Motors of Canada, Limited, ~~Ford~~ Ford

of Canada, Limited, and Chrysler (Canada) Limited, together accounting for about ninety per cent of automobile sales in Canada, representing the principal focus. The United Automobile Workers Union (UAW), especially its Canadian Region, which represents the workers in these companies, is the other major actor. The companies, the union, and the various levels of government, represent, then, the three actors in the industrial relations system of the automobile industry. These actors, working in technological, market, financial and budgetary, legal, and power contexts, determine the web of rules, both procedural and substantive, which govern the behaviour of the actors, and which determine the wages, hours, and working conditions of employees in that industry.

This concept of an industrial relations system is more than merely an interesting set of words to describe labour-management-government relations. It is however something less than a full-fledged model. As a framework for analysis, it does provide a useful and meaningful method for the study of collective bargaining. The framework is Professor John T. Dunlop's, developed in his Industrial Relations Systems,<sup>1</sup> and used by a godly number of scholars

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1

New York: Henry Holt and Company, 1958

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for systematic studies in this field.<sup>1</sup> The framework has been

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<sup>1</sup> see, for example, Kenneth F. Walker, Research Needs in Industrial Relations, Melbourne: University of Western Australia Press, 1964; John M. Baitsell, Airline Industrial Relations: Pilots and Flight Engineers, Boston: Graduate School of Business Administration, Harvard University, 1966;

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further developed by Dr. Alton Craig of the Canada Department of Labour, and has been accepted by members of the Task Force as a guide for the industry /studies. At the very least, ~~some~~ the uniformity of approach for comparative and analytical purposes would represent a substantial ~~gain~~ advantage. At best, one would hope for the ultimate development of more sophisticated industrial relations systems models.

Very few studies of collective bargaining in ~~Canadian~~ Canadian industries have ever been made.<sup>2</sup>

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<sup>2</sup> for examples of the few studies which have been made, see Alton W. Craig, "The Consequences of Provincial Jurisdiction for the Process of Company-Wide Collective Bargaining in Canada: A Study of the Packinghouse Industry," Ph.D. Thesis, Cornell Univ., June, 1964.

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Indeed, even in the United States, much remains to be done to provide comprehensive, systematic, studies of collective bargaining for all industries. This is just as true of the automobile manufacturing industry. There are a few doctoral dissertations which have treated one aspect of collective bargaining. One or two books examine historical or wage aspects of the industry. This writer completed a study which was more concerned with the impact of the United States-Canadian Automobile Agreement on collective bargaining in the automobile industry, but in the process some information useful to this current study is available/~~for~~ from this earlier study.<sup>1</sup> In any event, the impact of the Automobile Agreement,

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<sup>1</sup>

see Norman Coates, "Industrial Relations Implications of United States-Canadian Economic Integration: The Automobile Industry as a Case Study," Ph. D. Thesis, New York State School of Industrial and Labor Relations, Cornell University, Ithaca, New York, 1966. A copy of this manuscript has been filed in the Canada Department of Labour Library in Ottawa. The manuscript includes a bibliography of dissertation\$ books, pamphlets, etc., on labour relations in the automobile industries of Canada and the United States.

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providing for the elimination of tariffs on motor vehicles, and parts, moving between Canada and the United States, has been substantial, and is highly relevant to the present study.

### Sources of Information and Plan of Field Research

A note on the problems in obtaining information would be more to the point. The automobile manufacturing companies have a bad reputation among scholars, the United States and Canadian governments, and other interested parties, in respect of their withholding of information. To compound the problem, such Canadian ministries, or agencies, who do have information (for example, Trade and Commerce, Dominion Bureau of Statistics, and Industry) are reluctant to provide information obtained by them from the companies under strict assurances of secrecy.

It is something to be wondered at that other government departments, or indeed, members of Royal Commissions or Task Forces, have been unable to pry loose at least some of these data which might have great relevance to studies at hand. The study of the automobile industry was no more fortunate in this respect.

This is not to say that these organizations did not co-operate. This they did, to the extent they perceived as possible. In a democratic society, however, information is very basic not only for scholars, but for public policy-makers, as well as for managerial and labour union ~~organization~~ groups. The importance of this subject is underlined in this study, and several recommendations are made as to the formulation of public

policy by the Government of Canada, and by provincial governments, on making public, certain information now withheld.

In areas where information on labour-management relations, or related matters, might be thought, logically, to be--such as in departments of labour, federal and provincial--there was a surprising lack of data. While the automobile industry is situated mostly in the Province of Ontario, with the Ontario Labour Relations Act empowering the Minister of Labour, of that Province, to take action in labour disputes, it might be supposed that, in view of the importance of such a key industry to the Canadian economy, some analytical studies, <sup>or similar material,</sup> or at the very least, copies of conciliation board reports, <sup>or similar material,</sup> might be available in Ottawa. ~~Such~~ Such was not the case. This is to be deplored. One may well question as to where in the several decades in which the Federal Department of Labour has been in existence, and in the two decades that the Economics and Research Branch of that Department, has been in existence, the energies and public resources have been expended.

The Province of Ontario Department of Labour, having jurisdiction, as it does, over labour relations in this industry, is hardly better in this respect. Records prior to 1950 have been destroyed! Records from 1950, to quite recently, were gathering dust in the archives at Cooksville, Ontario. A new research branch is gathering momentum and promises some contribution, if the right support for research is forthcoming.

All meetings with federal and provincial government officers, company and union representatives, and others, were carried out in the most informal manner, consistent with the nature of the study. Many meetings took place at luncheons, or over refreshments in the evenings. In almost all instances the informants indicated their pleasure at this approach and clearly indicated that they provided more information on this informal basis than they would under, say, the formal request of a Royal commission.

This point is emphasized because the scope of the projects being undertaken by the Task Force had proliferated the number of people knocking on doors and requesting information, thus compounding any one researcher's task. In some cases, there had developed serious relations problems which needed ~~xxx~~ smoothing over, before work could proceed. This fact is stated not to be critical alone. It is stated as an objective problem facing research either on behalf of this, or any other, Task Force or commission, now or in the future. It must be ~~xxx~~ borne in mind that a point of diminishing returns may quickly be reached in a country such as Canada in research in such a specialized area, unless great care is taken.

Lacking any hard data from the sources mentioned, greater emphasis had to be given to field research. Here again, limited travel budgets for industry studies did not permit as extensive a plan of interviews and plant and union visits. The time limitation itself, with research being concentrated in summer months, meant that many company officers and union officers were on holiday. ~~Negotiations~~ Preparation for ~~of~~/negotiations, which got underway early in July, 1967, also placed further obstacles in the way of field research. Indeed, the only way in which the research proceeded at all, was through an informal contact with people on both sides with whom the writer had cultivated relations for about three years. The inability of the Task Force to assign a research assistant to this study, ~~further~~ until August 7, 1967, further narrowed the scope of the research.

With these specific limitations in mind, meetings were restricted largely to two companies, General Motors of Canada <sup>together accounting for over seventy-five percent of automobile sales in Canada</sup> and Ford of Canada, and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, (UAW), <sup>representing almost all heavy-pain, and some white collar workers, in these industries</sup>. Meetings included the presidents of the two companies, their senior industrial relations and financial officers, plant managers, and ~~with~~ the UAW regional director, sub-regional directors, international representatives, local union presidents, and members. The writer <sup>also</sup> attended the April, 1967 collective bargaining conference of the UAW, ~~as~~ representing the Task Force.

### Organization of the Study

Apart from the Summary, part I, and this introduction, part II, this study is divided into four other parts: part III, which follows, describes the characteristics of the industrial relations system in the automobile manufacturing industry. The two principal actors--the companies and the Union--are identified, and their organizational features are analyzed. Both the product and labor markets are sketched, as is the structure and process of collective bargaining.

The history of collective bargaining in the industry is depicted in part IV by means of a case study of negotiations between GM of Canada, and the UAW, during the years 1937-1967. In part V, a check-list of basic issues and problems which face the parties, and in part VI, the conclusions of the study, are presented.

Included in the appendices, as appendix I, is a case study of collective bargaining in the GM of Canada, Ste Therese, Que., plant, prepared and written by Mr. Jean Douville, who was assigned this project on August 7, 1967.

### PART III

## THE INDUSTRIAL RELATIONS SYSTEM IN THE AUTOMOBILE MANUFACTURING INDUSTRY IN CANADA

The components of an industrial relations system comprise the actors, namely, the companies and their managers, the unions and the employees they represent, and the governments and their agencies which affect the work place. These three types of actors create the web of rules which governs behaviour in the work place. These rules are affected, however, as is the behaviour of the parties, by certain contexts, or restraints, in the industrial relations system. These are technological, market or budgetary, legal, political or power, and related restraints.

We can discern, in the automobile manufacturing industry, unique industrial relations systems in each plant of each company, in each company, and throughout the industry. We can also refer to the overall industrial relations system within this industry in Canada. Even prior to, and certainly since, the conclusion of the United States-Canadian Automobile Agreement, there took shape a new, international, industrial relations system in the North American automobile manufacturing industry, which corresponds to the development of an integrated North

American product, if not labour, market.<sup>1</sup>

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<sup>1</sup>

Norman Coates, op. cit., The concept of an international industrial relations system is developed here and will not be elaborated in this study.

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There have been historical pressures which tend to promote trends in Canadian life styles, industrial relations, and wages, which correspond to those in the United States. Not least among the causative factors is the presence in Canada of International--or basically, United States--trade unions, representing roughly seventy per cent of Canadian union membership. It is not surprising that in instances where the same corporations operate on both sides of the border, as is the case in the automobile industry, there would be even greater pressures towards uniformity in the industrial relations systems in the industry in both countries.

The Automobile Agreement of January 16, 1965, has given the greatest impetus to the development of an integrated international industrial relations system in North America. This has manifested itself in the determination of the companies to "rationalize" production on the basis of a North American market, and in the UAW's determination to conclude what is substantially one collective bargaining agreement for each company's United States and Canadian operations. The issues of the productivity of Canadian plants, wage parity for

United States Canadian workers and their American counterparts, and Canadian-/car price parity, are reflections of these pressures. There can be no evaluation of the ~~immediate~~ realization of these goals until the end of 1968 negotiations in Canada, probably by the end of 1967, and the renewal of the Automobile Agreement, some time early in 1968.

This part of the study examines the North American automobile products and labour markets, shows the rôles of the giant corporations in world markets, Canada's position in world markets, and the rôle of the Union. The organizational structure / of two of the corporations--General Motors and Ford--which together account for over three quarters of the North American and of the Canadian markets, is sketched. The structure of the UAW in Canada is described. At the same time, the manner in which these organizations formally structure their collective bargaining functions is briefly described.

## THE AUTOMOBILE MANUFACTURING INDUSTRY IN CANADA

In 1904, the Ford Motor Company of Canada was organized in Windsor, Ontario by a group of Canadian businessmen who obtained from Henry Ford the rights to manufacture and sell Ford cars throughout the British Empire exclusive of the British Isles. This first automobile plant in Canada did little more than put together elements produced in and shipped from Detroit. By the year 1917--the year D. B. S. records begin,~~there were~~, in Canada, a total of eleven plants producing 9<sup>3</sup>, 810 passenger cars and trucks with a selling value of \$54,466,273. These plants employed 5,919 workers with salaries and wages totalling \$6,239,471. By the year 1964<sup>1</sup>, there were a total of eighteen establishments, producing 740,942 passenger cars, trucks and buses, with a total employment of 36,026 and salaries and wages of \$234,551,000.

World production of motor vehicles, passenger cars, trucks, and buses, amounted to 21,727,002 units in 1964.

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<sup>1</sup>

D. B. S. Motor Vehicle Manufacturers

The following shows Canada's position in relation to selected other countries in the world market:

Total Production of Motor Vehicles, Trucks and Buses, Selected Countries, and World Total, 1964

Country	Total Number of Units
World	21,727,002
United States	9,426,932
West Germany	2,909,657
United Kingdom	2,332,376
Canada	740,942

United States corporations, principally the so-called "Big Three", General Motors, Ford, and Chrysler, account for more of world production than indicated by United States production figures. These companies have plants throughout the world. In the United States, alone, the Big Three, account for 95 per cent of the 8,065,150 passenger cars produced in the United States. In Canada, the same companies accounted for 90 per cent of the 631,342 passenger cars produced in Canada. In respect of trucks and buses, these companies accounted for 79 percent of the United States, and 89 per cent of the Canadian, markets.

General Motors itself accounts for about half  
automobile  
of the market in both Canada and the United States. The  
Company is one of the largest industrial organizations in  
the world. In 1964, it had total assets of U.S.\$10,292,828,528,  
net sales of \$16,997,044,468, and net income for the year of  
\$1,724,781,555. Total factory sales of cars, trucks and coaches  
for the entire world-wide operation in 1964 was 6,114,478 units.  
Of these, 4,597,990 were United States sales and export  
shipments, and 293,367 were General Motors of Canada plant  
sales. The average number of employees, world-wide, in  
the same year, was 660,977, with a total payroll of  
US\$4,592,481,476. Financial data on Canadian operations is  
not published.

Ford Motor Company of Canada Limited, Chrysler  
Canada Limited, and American Motors (Canada) Limited, are,  
automobile  
in that order, the principal/producers in Canada, following  
the same pattern as that in the United States. Twenty  
establishments are included in the latest (May, 1967)  
D. B. S. release, with head offices or principal plants in  
five provinces:

in the Automobile Manufacturing  
List of Establishments <sup>in part</sup> classified to this Industry, 1965

(Does not include establishments classified to other industries, which as a secondary activity, manufacture products typical of this industry)

Name	Location
<b>Nova Scotia:</b>	
Volvo (Canada) Ltd.	Dartmouth
<b>Quebec:</b>	
General Motors of Canada Ltd.	Ste-Thérèse
Prevost Car Inc.	Ste-Claire
Sherbrooke Coach Mfg. Co.	Sherbrooke
Sicard Inc.	Ste-Thérèse
Société de Montage Automobile	St-Bruno
<b>Ontario:</b>	
American Motors (Canada) Ltd.	Brampton
Chrysler Canada Ltd.	Box 60, Windsor
F.W.D. Corp. (Canada) Ltd.	655 Block Line Rd., Kitchener
Ford Motor Co. of Canada Ltd.	Canadian Road, Oakville
General Motors of Canada Ltd.	Oshawa
International Harvester Co. of Canada Ltd.	Chatham
Kaiser Jeep of Canada Ltd.	2525 Central Ave., Windsor
Studebaker of Canada Ltd.	Ferrie St. East, Hamilton
<b>Manitoba:</b>	
Motor Coach Industries Ltd.	1149 St. Mathews Ave., Winnipeg
Western Flyer Coach Ltd.	702 Broadway Ave., Winnipeg
<b>British Columbia:</b>	
Canadian Kenworth Ltd.	3750 Kitchener St., North Burnaby
Freightliner of Canada Ltd.	4242 Phillips Ave., North Burnaby
Hayes Manufacturing Co. Ltd.	225 West 2nd Ave., Vancouver
Pacific Truck & Trailer Ltd.	1460 Franklin St., Vancouver

Source: DSS. Motor Vehicle Manufacturers, 1965, p. 2

Various measures were carried out by the Canadian Government over the years to encourage the growth of a Canadian automobile industry. These measures met with varying degrees of success. Certainly, an automobile manufacturing industry was functioning in Canada behind protective tariffs, but the growth of this industry had not kept pace with actual sales of automobiles in Canada. On August 2, 1960, the Government of Canada appointed Professor V. W. Bladen as sole commissioner in a Royal Commission on the Automotive Industry in Canada. Bladen's task was to recommend measures "to provide increased employment in export markets." His recommendations called for ~~an~~ an extended content plan by means of which the Canadian automobile companies were to be permitted, conditional on their fulfillment of the Canadian content provisions in their costs of production, to import all motor vehicles and parts duty free. The duty rebate~~s~~ plan, as implemented by the Government on October 31, 1962 and November 1, 1963, did have a significant effect on automobile trade between the United States and Canada. Parts producers in the United States, however, filed petitions with the Commissioner of Customs in the United States under section 303 of the Tariff Act of 1930 the effect of which would be to have the United States impose countervailing duties.

Out of a potentially difficult situation, which could have deteriorated into a United States-Canadian tariff

war, was born the Automobile Agreement between the ~~xxx~~ two countries. This Agreement was signed on January 16, 1965, by Prime Minister Pearson for Canada, and by President Johnson, for the United States. The Agreement did not provide for complete free trade. Free trade would submerge the Canadian industry, which is only one twenty-fifth the size of the United States industry. The effect of the Agreement was to permit duty-free importation by either country of motor vehicles and parts. This could be done only by manufacturers and not consumers, and was tied closely to Canadian content and Canadian value added and related provisions, by means of which the Canadian Government assured the continued growth of the industry in Canada to correspond more closely to the high consumer demand for automobiles in Canada.

*in the years*

Canada has already, 1965-67, benefitted from this Agreement, not only by increasing employment in the industry, and by reducing the imbalance in trade with the United States, but, more important, it ~~has provided~~ <sup>by</sup> the basis for an improvement in the efficiency and productivity of the Canadian automobile manufacturing operation. The extent to which such improvements in efficiency have taken place, or are likely to take place in the future, represents one of the more difficult issues for the Canadian Government, and for labour-management relations in the industry. This question is treated at length elsewhere in this report.

Company Organizational Structure

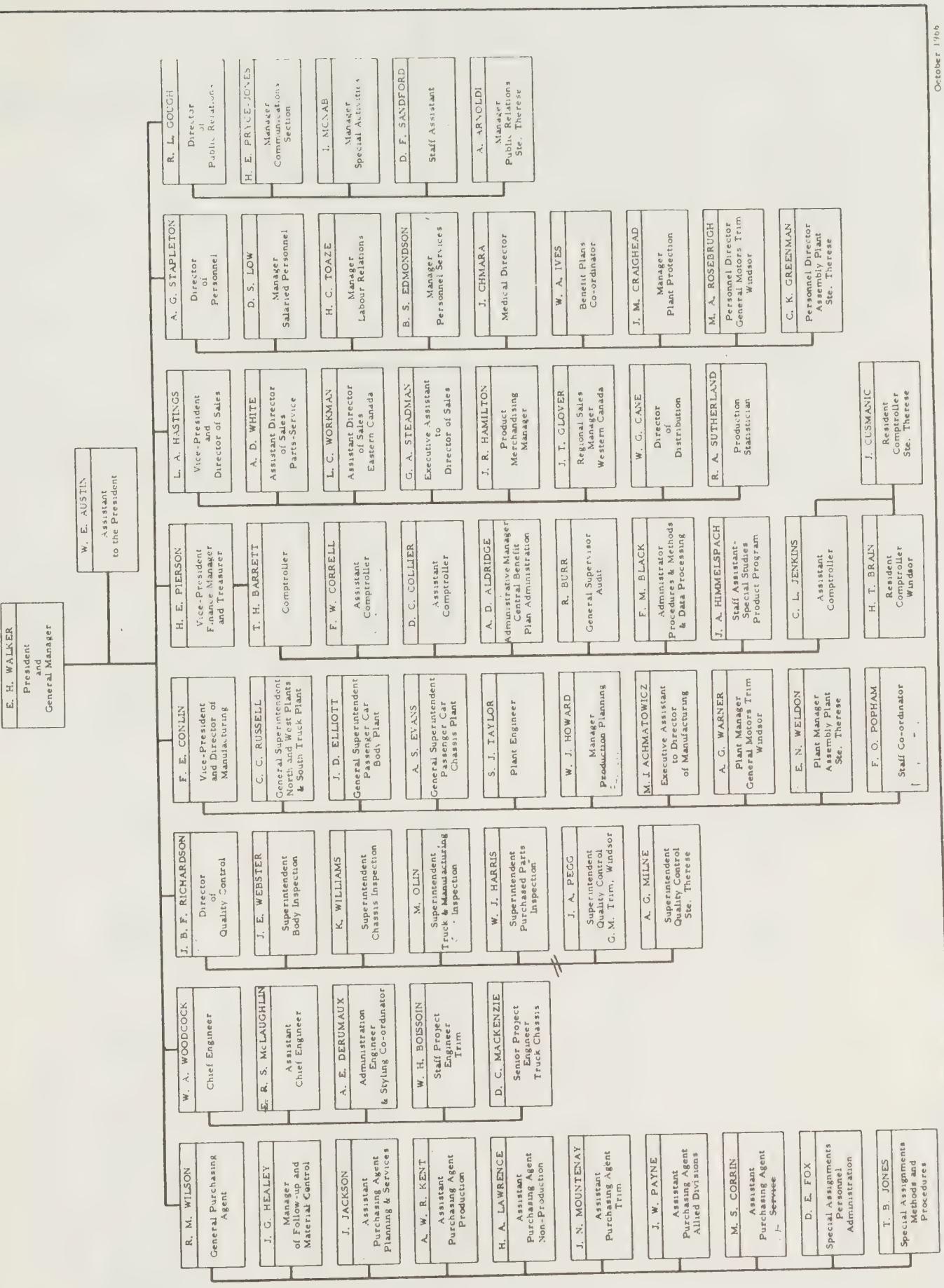
Chart I depicts the organizational structure of General Motors of Canada, Limited, with headquarters at Oshawa, Ontario. GM of Canada is a wholly-owned subsidiary of General Motors Corporation in the United States. GM of Canada President, E. M. Walker, has eight departmental heads reporting to him, of which one is the personnel department.

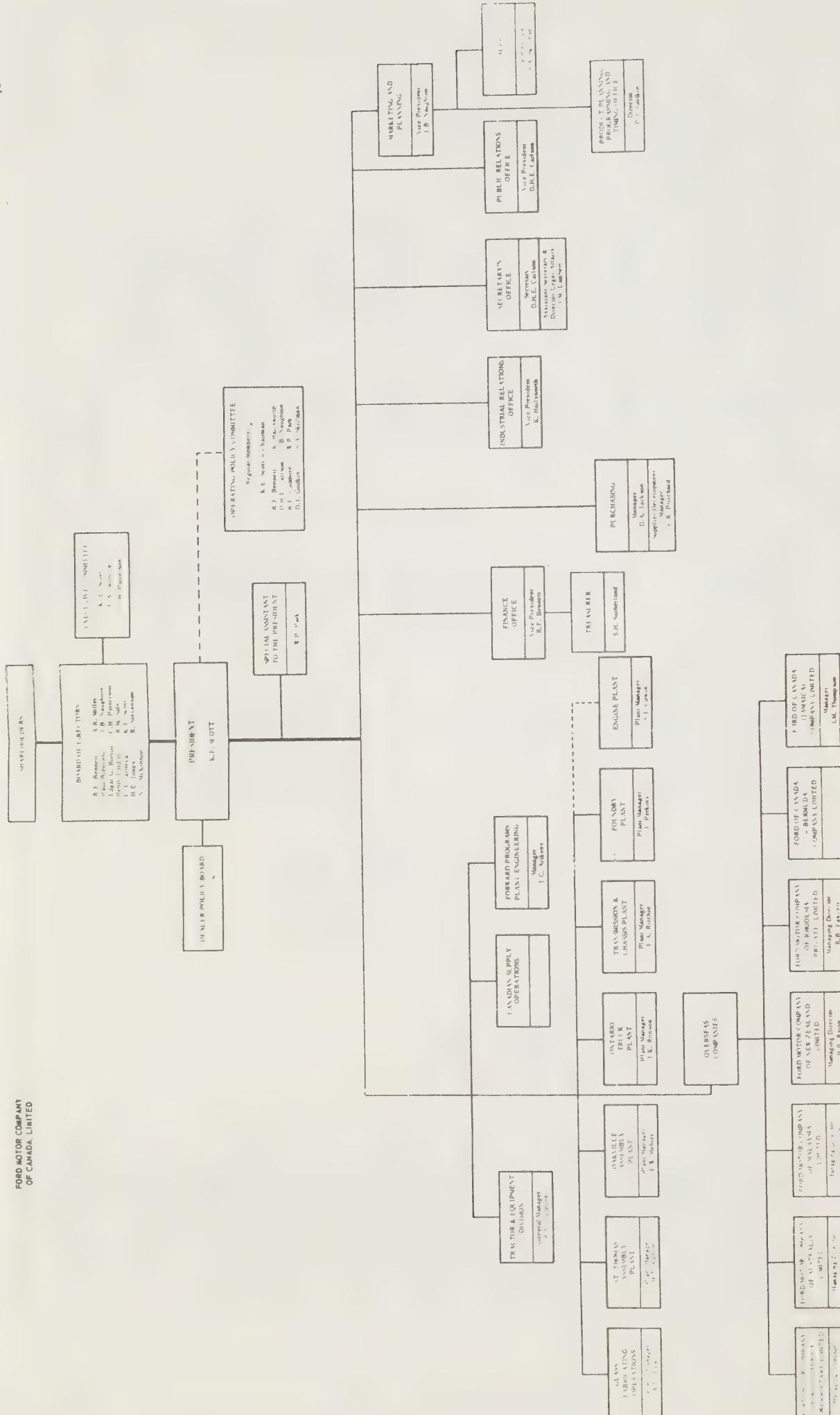
Chart II illustrates Ford Motor Company of Canada, Limited's structure. The company is owned substantially by Ford Motor Company in the United States and, since the 1965 Automobile Agreement, the Canadian operation has been linked directly to the Dearborn head office of the parent company. There is evidence also that the overseas companies technically owned by the Canadian Company are managed directly from the United States. Seven department heads, as well as seven plant managers, report to the President Karl E. Scott. One of these is an industrial relations office, headed by a vice president.

In both cases, the control of the Canadian subsidiaries rests clearly and firmly in the United States. This centralization was re-enforced by the integration of the industry following the Automobile Agreement. In this respect, this characteristic and this development are not peculiar to the Canadian industry. Corporate capitalism knows no national boundaries and moves where opportunities exist. Economies of size and scale, world markets, and the advent of sophisticated management information systems permit and encourage centralization.

GENERAL MOTORS OF CANADA LIMITED

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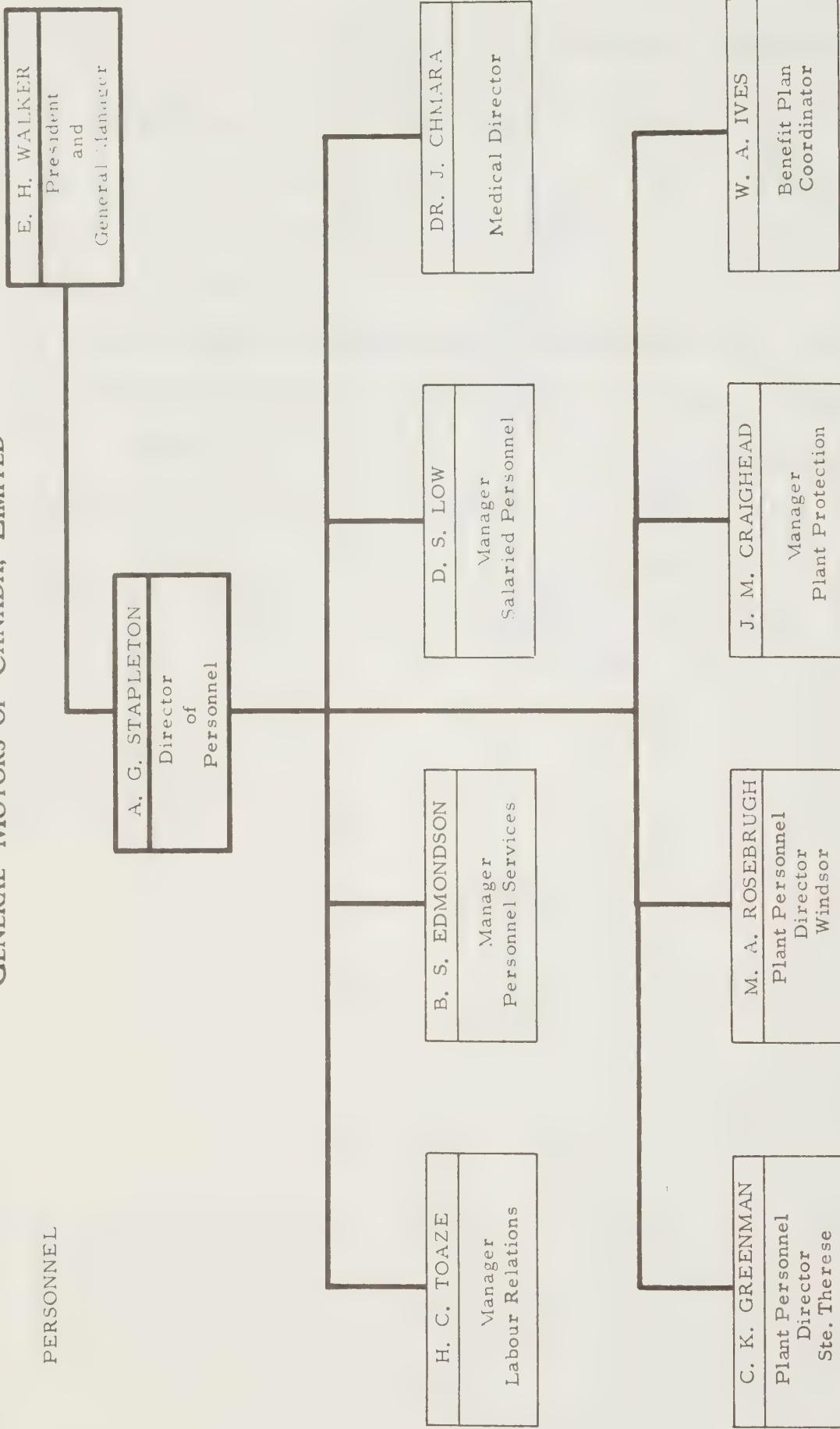


Industrial Relations Organization

(a) GM of Canada: Charts III to IX elaborate the industrial relations function of GM of Canada. The director of personnel reports directly to the president. He is responsible for collective bargaining and for non-union personnel also. ~~The department heads at Oshawa are divided into six groups~~ Eight department heads report to the director, including ~~the~~ two plant personnel directors. Chart IV is concerned with the organization for collective bargaining. A manager of labour relations has reporting to him five supervisors, one of whom is supervisor of labour relations in the North Plant at Oshawa.

# GENERAL MOTORS OF CANADA, LIMITED

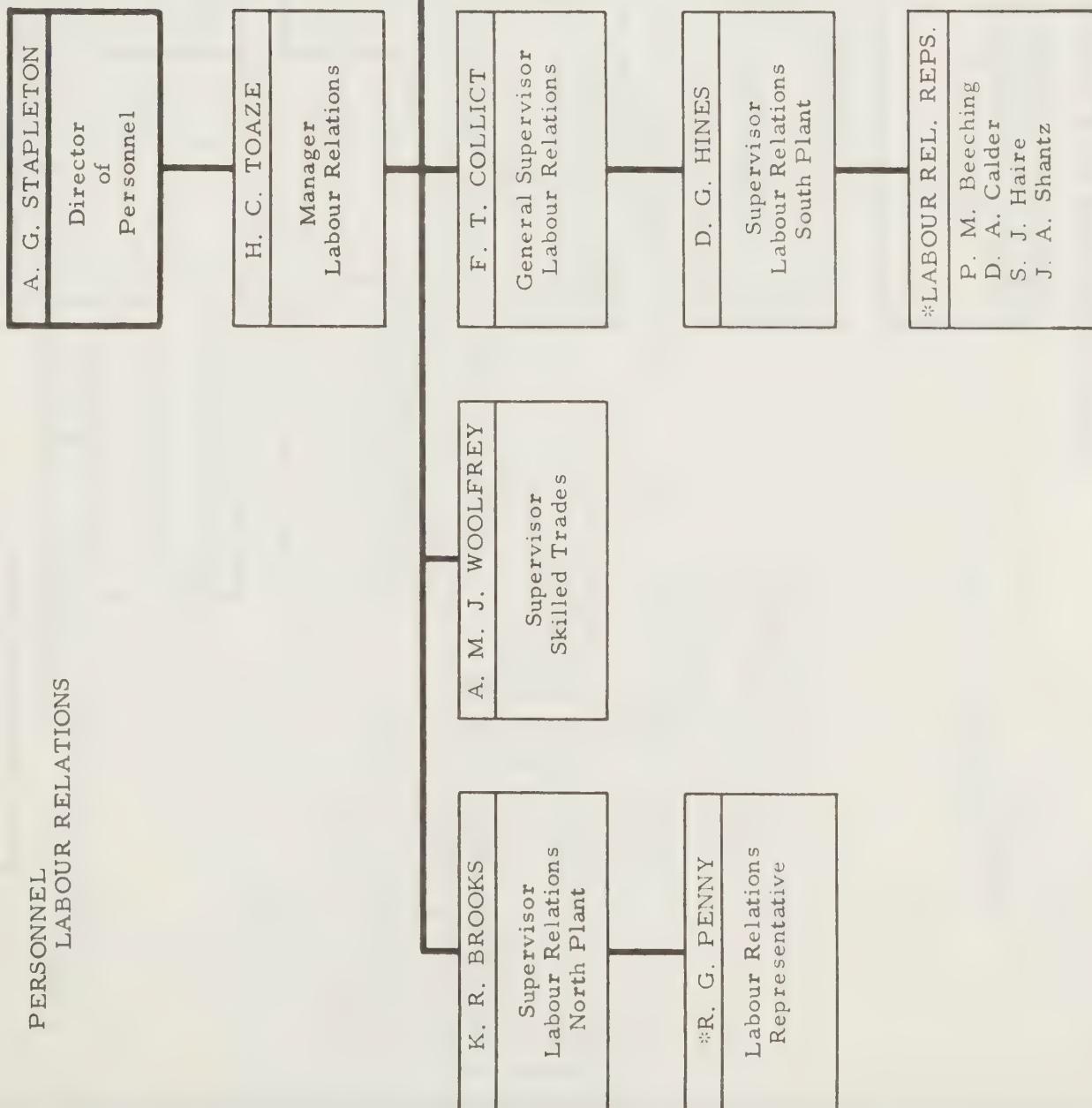
## PERSONNEL



# GENERAL MOTORS OF CANADA, LIMITED

43

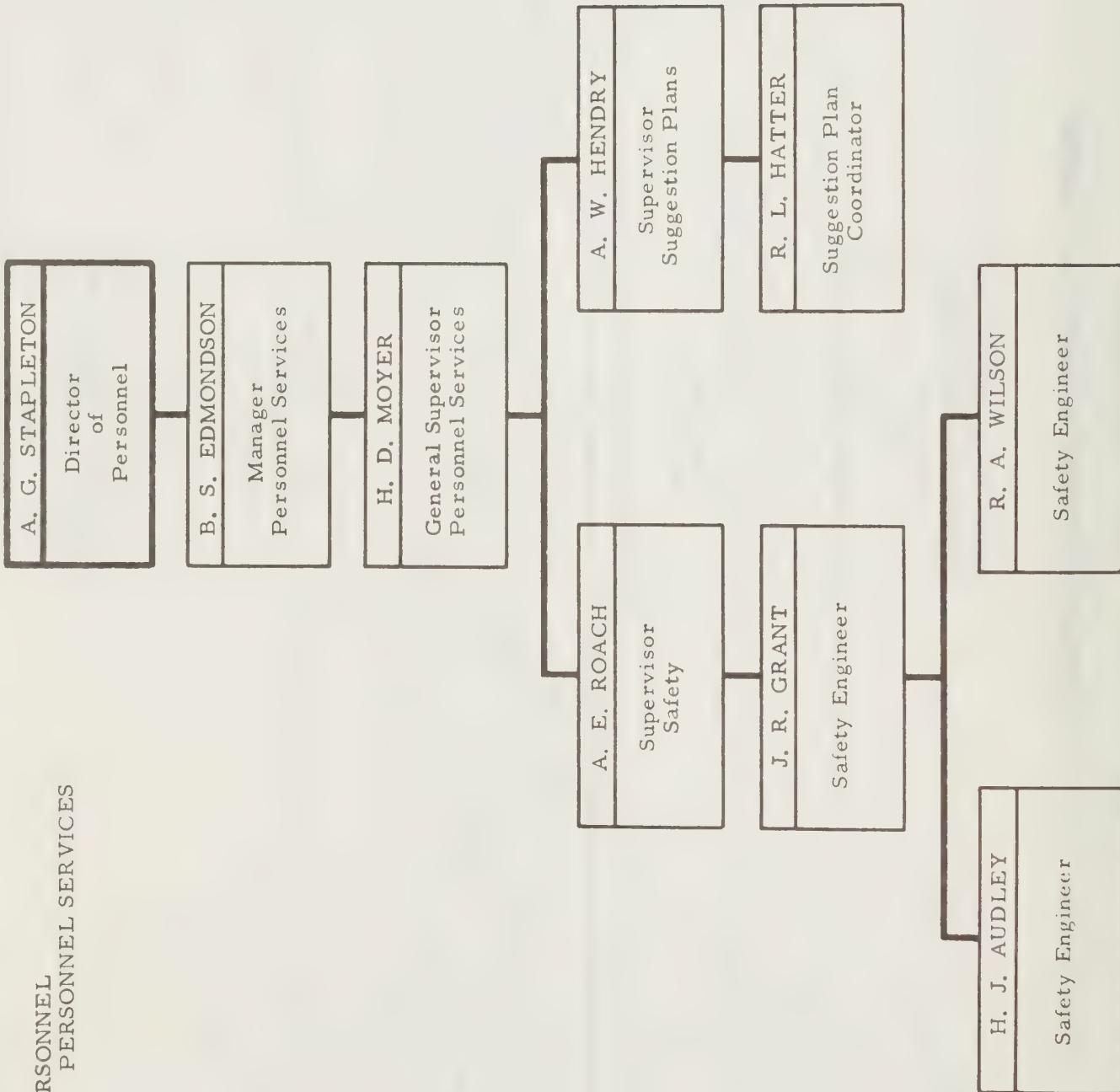
## PERSONNEL LABOUR RELATIONS



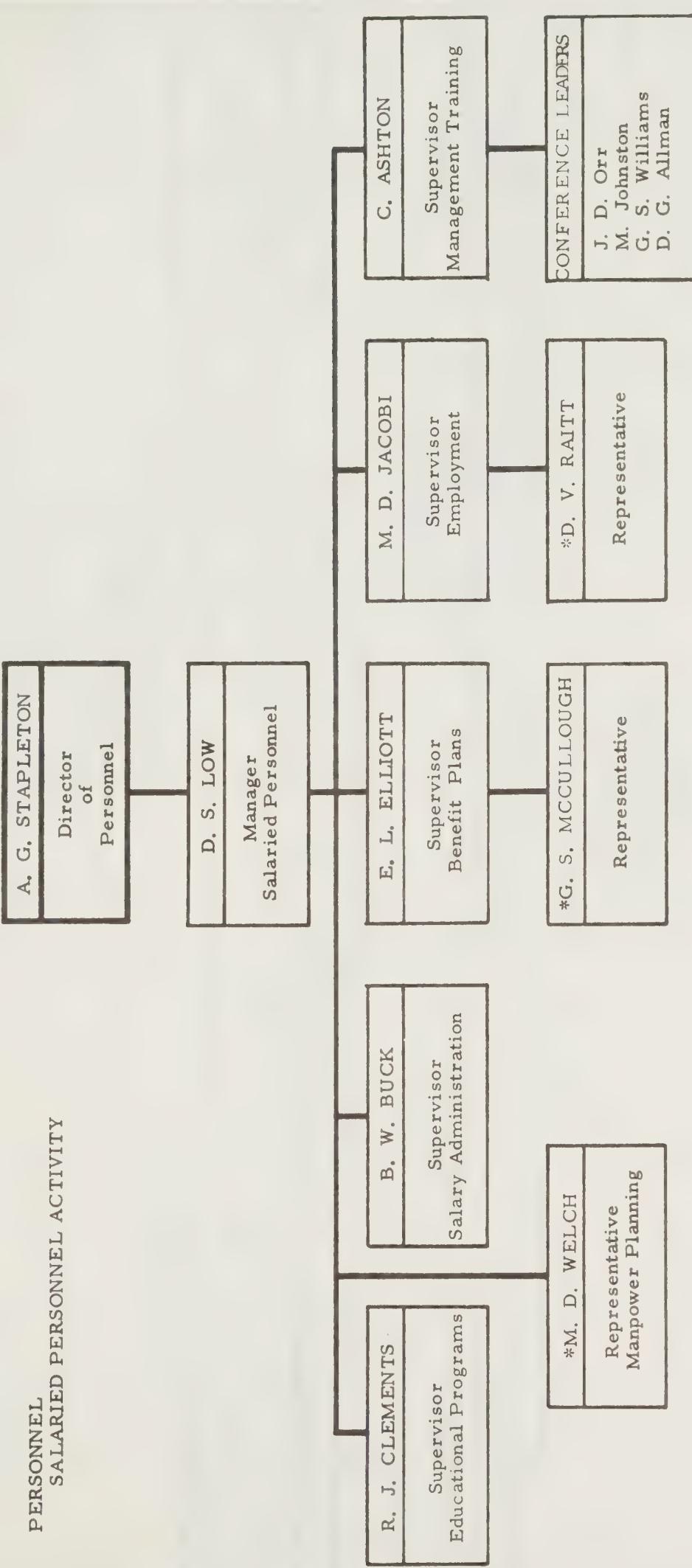
\*Non-Supervisory

# GENERAL MOTORS OF CANADA, LIMITED

## PERSONNEL PERSONNEL SERVICES



# GENERAL MOTORS OF CANADA, LIMITED

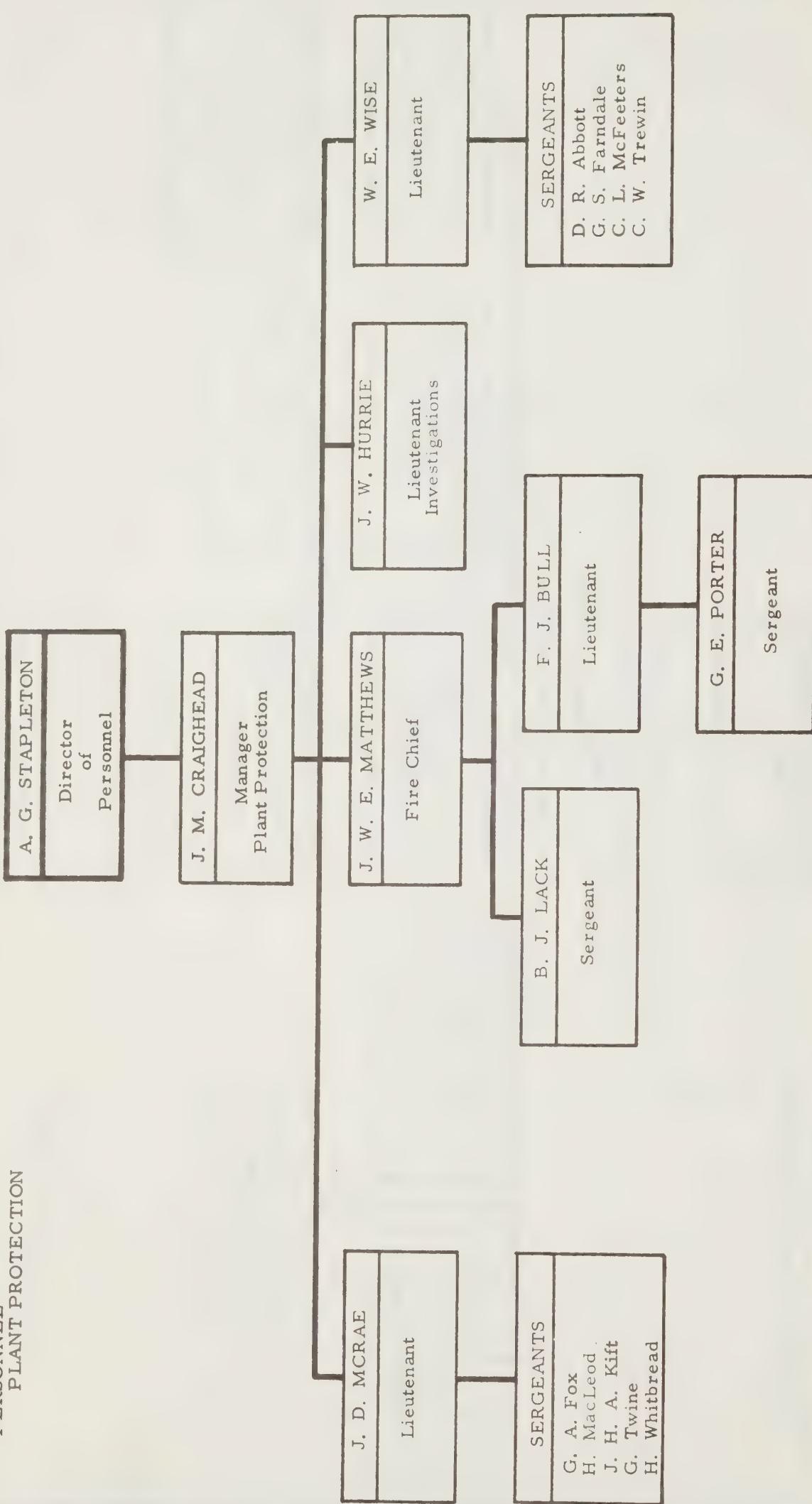


\*Non-Supervisory

\*Non-Supervisory

# GENERAL MOTORS OF CANADA, LIMITED

## PERSONNEL PLANT PROTECTION



47

# GENERAL MOTORS OF CANADA, LIMITED

PERSONNEL  
BENEFIT PLANS  
MEDICAL

A. G. STAPLETON
Director of Personnel

J. CHMARA
Medical Director

W. A. IVES
Benefit Plan Coordinator

H. G. MORRISON
Plant Physician

C. R. LUNN
Supervisor Benefit Plans

*W. FITCHES
Adjuster Hourly Rate Pensions

E. J. MCAREE
Supervisor SUB and Workman's Compensation

P. R. SIMPSON
Chief Clerk Insurances

\*Non-Supervisory

# GENERAL MOTORS OF CANADA, LIMITED

PERSONNEL  
WINDSOR  
STE. THERESE

A. G. STAPLETON
Director of Personnel

C. K. GREENMAN
Personnel Director Assembly Plant Ste. Therese

M. A. ROSEBRUGH
Personnel Director General Motors Trim Windsor

O. F. MORRISON
Supervisor Salaried Personnel

L. WHITE
Lieutenant Plant Protection

J. D. MCKELLAR
Supervisor Labour Relations

J. B. GRANDISON
Lieutenant Plant Protection

L. VEZINA
Instructor Training Programs

SERGEANTS
J. Leblanc E. Charbonneau F. Erratt N. Latour G. A. Lussier

R. A. LAWRENCE
Supervisor Employment

SERGEANTS
D. M. Bennie D. R. Brunt A. E. Morris A. V. Brearton(Fire) H. D. Potter

A. M. JONESS
Supervisor Employment

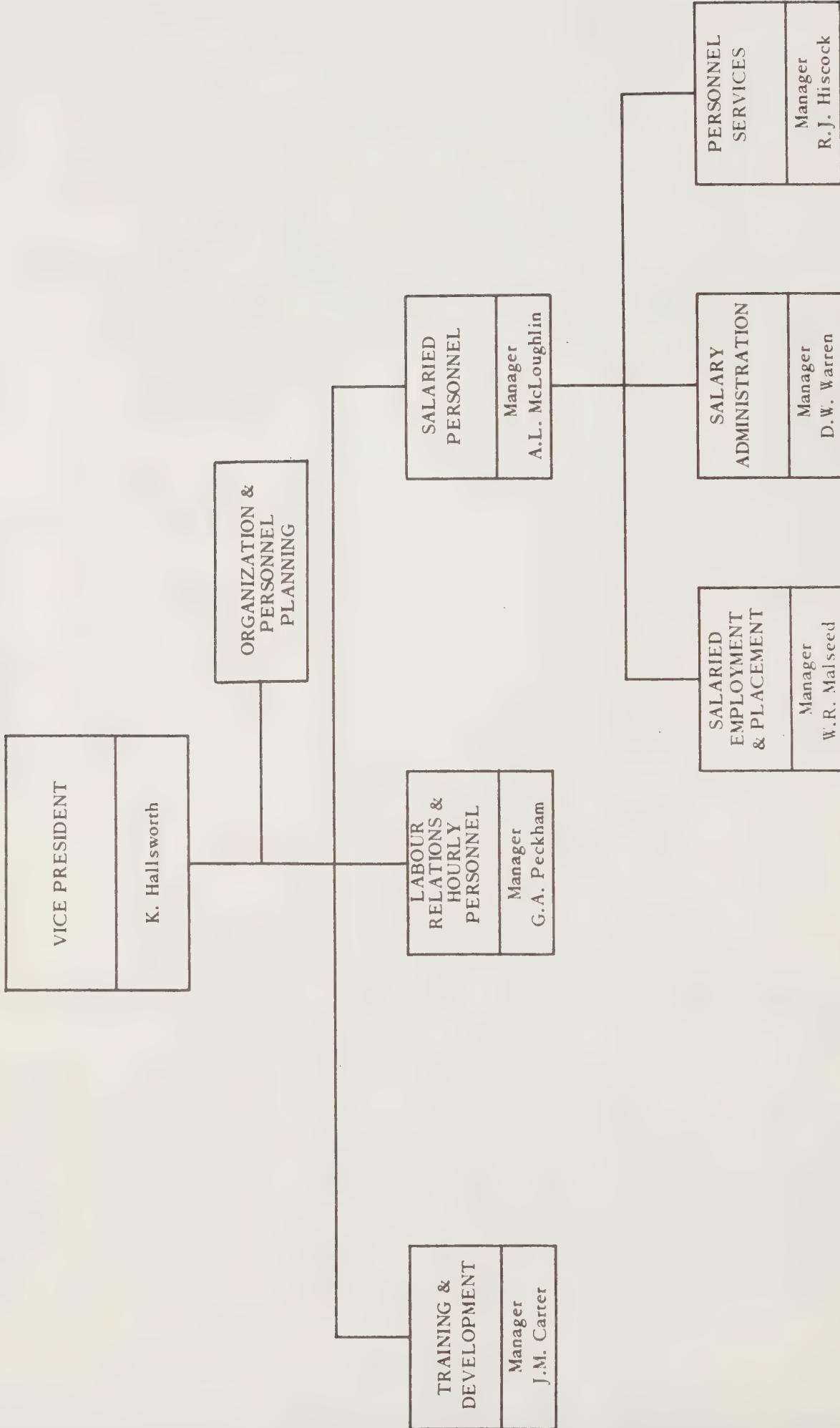
D. W. GRAHAM
Safety Engineer

S. H. CAMPBELL
Plant Physician (Part Time)

G. BOURBONNIERE
Plant Physician (Part Time)

(b) Ford of Canada: Charts X to XIV detail the industrial relations function of Ford of Canada. The vice president reports directly to the president and has four managers reporting to him, including the manager of labour relations and hourly personnel, who is concerned with collective bargaining. Each of the assembly plants has its own labour relations and personnel organization, as is shown in charts XI to XIV.

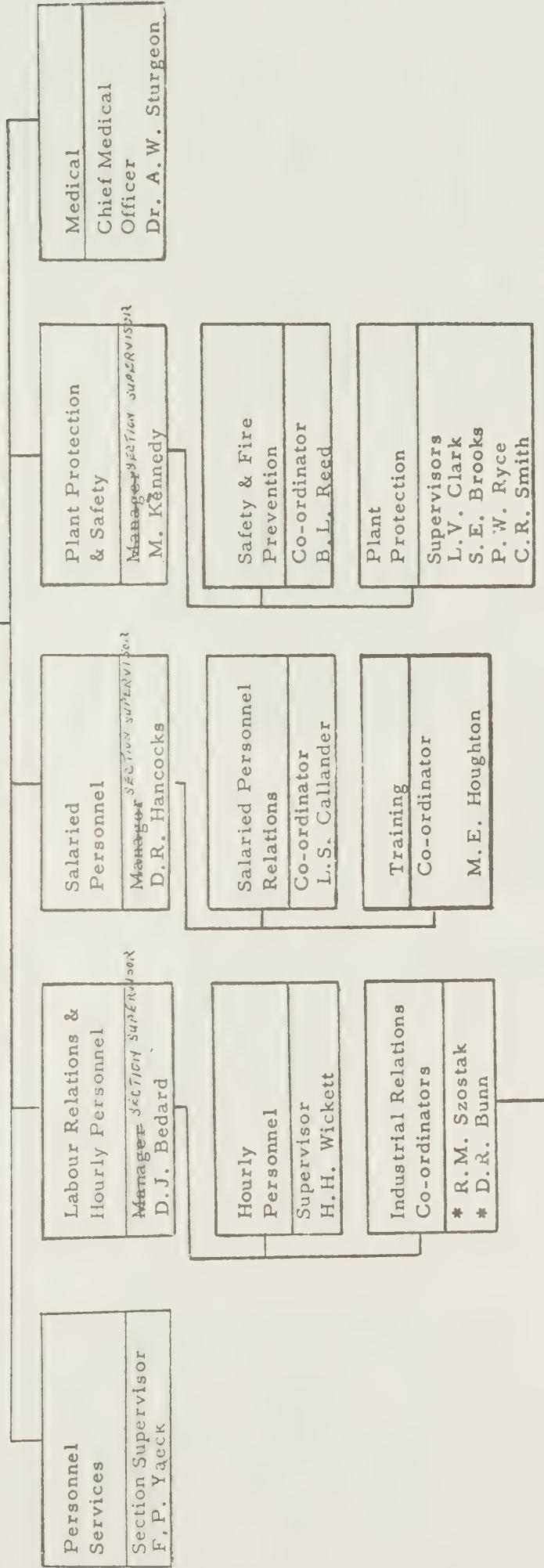
INDUSTRIAL RELATIONS OFFICE



INDUSTRIAL RELATIONS

INDUSTRIAL RELATIONS  
A. A. McKenzie

TAB      Industrial Relations  
PAGE      6.10  
DATE      1/1/67



Labour Relations  
Representatives

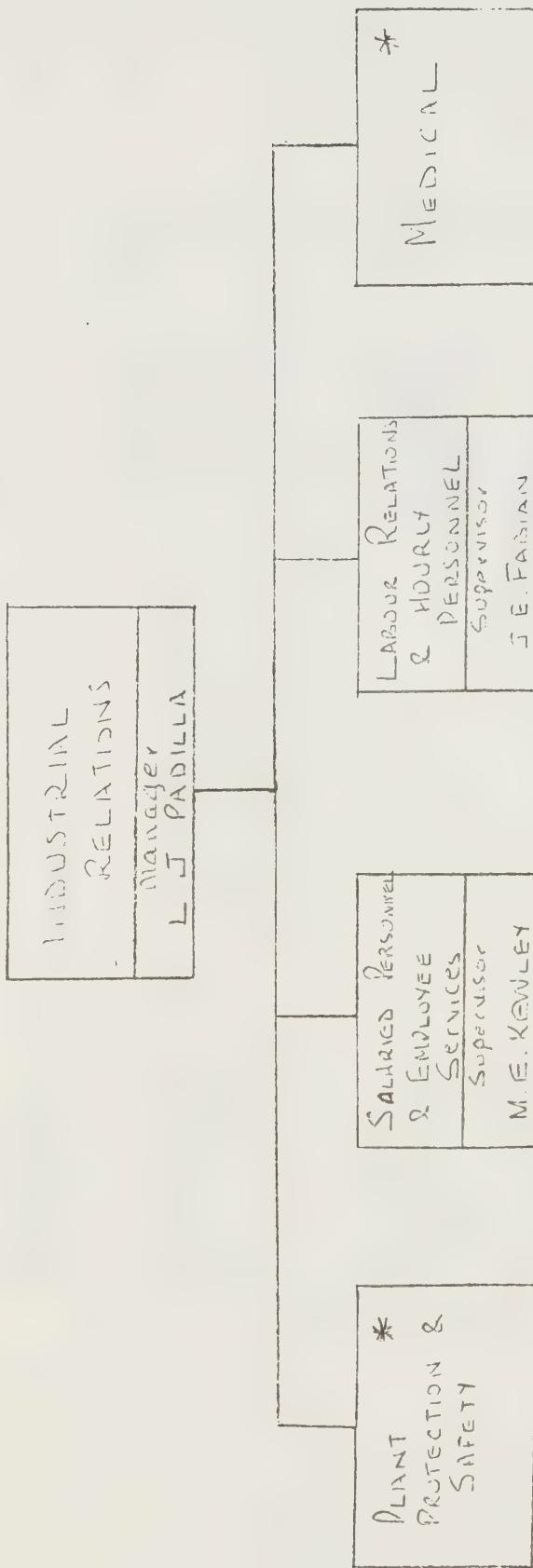
J. J. Morkin  
B. H. Waechter  
P. McConnachi  
A. D. MacLean  
B. A. Kelly

\*Alternate #2 and  
#3 shifts

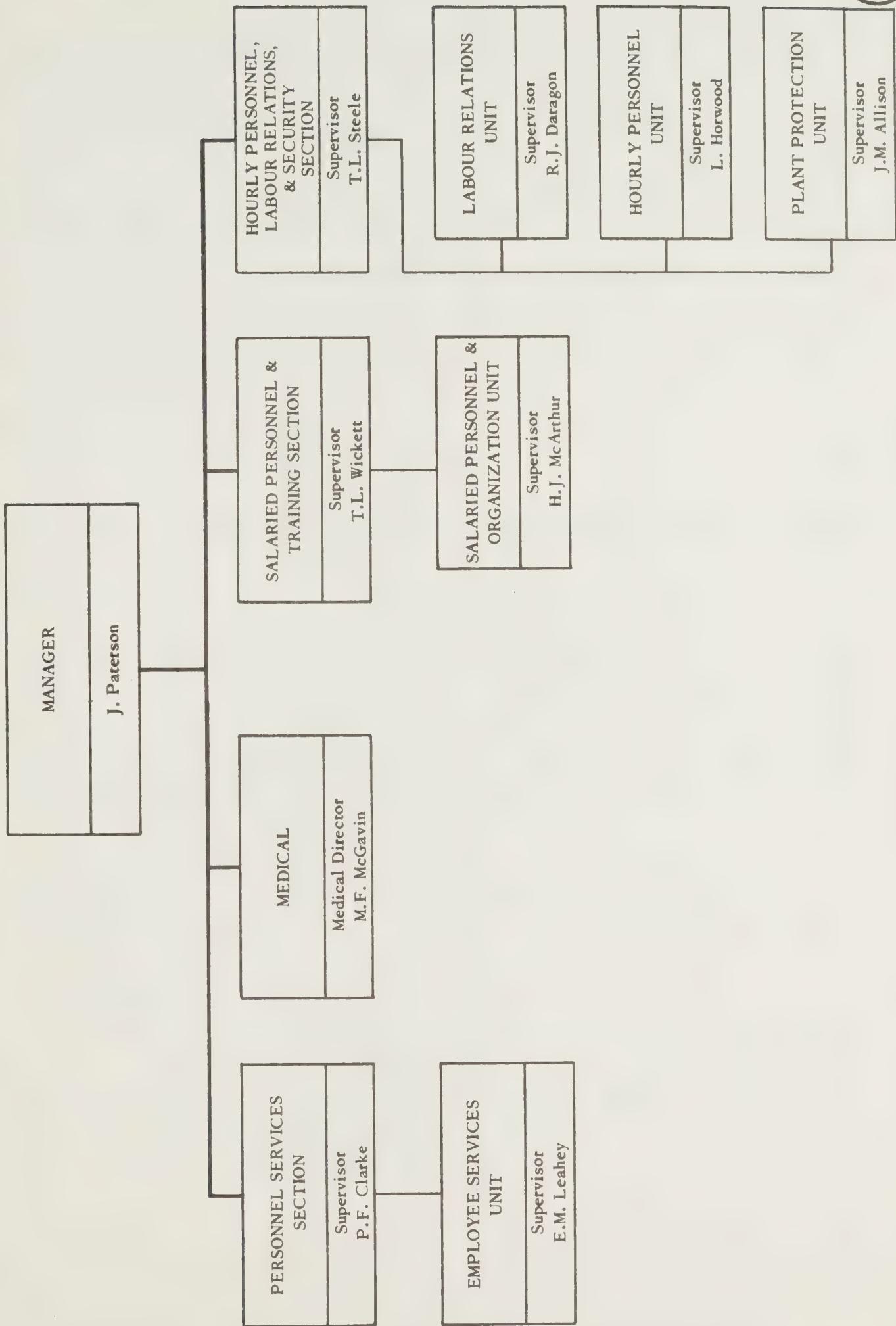
# ONTARIO TRUCK PLANT

## INDUSTRIAL RELATIONS

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\* Services purchased from Oakville Assembly Plant.

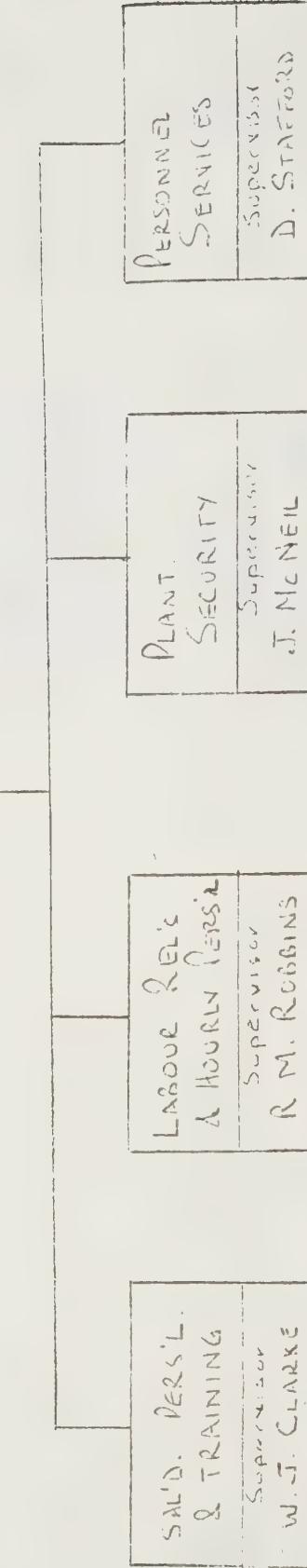


# ST. THOMAS ASSEMBLY PLANT

## INDUSTRIAL RELATIONS

INDUSTRIAL RELATIONS
MANAGER
S. M. Scobin

MISSION MANAGER
B. B. Lorimer



## THE UNITED AUTOMOBILE WORKERS UNION IN CANADA

The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (AFL-CIO/CLC), referred to as the UAW, moved from its position as third largest union in Canada, in terms of membership, in 1965, to second largest in 1966. The UAW has a total Canadian membership of 96,800 and is second only to the United Steelworkers of America which has a total membership of 120,000.<sup>1</sup>

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<sup>1</sup> Canada Department of Labour, Labour Organizations in Canada, 1966

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While the UAW was active in Canada earlier, the companies did not recognize the Union as bargaining agent for their employees until 1942 for Ford, and 1943 for GM. By the summer of 1943, the UAW had a membership in Canada in several industries, of 42,000. The doubling of the membership in the two decades is due to the growth of Canadian industry and to the effective organizing ability of the Union.

The organizational structure of the UAW, in the United States and Canada,<sup>and</sup> the bargaining units in North America, are reviewed briefly below.

### Union Organization Structure

The United Automobile Workers Union which represents a total of approximately 1,500,000 members in North America, including about 90,000 in Canada, in automobile manufacturing, automobile parts manufacturing, aircraft, agricultural implement and related industries, has headquarters in Detroit, Michigan. The UAW is divided into sixteen regions, one of which, region number 7, is now referred to as the Canadian Region.

The UAW's International Executive Board is comprised of the president, secretary-treasurer, two vice presidents, ~~three~~ four board members-at-large, and the regional directors, or a total of 25 officers and board members. The vice presidents have responsibility for collective bargaining departments which are structured to correspond to each company with which the Union deals. Each department head is assisted by international representatives and staff assistants. The director of each corporation department organizes and directs the activity of the intracorporation council. These councils co-ordinate the collective bargaining demands of local unions and formulate policies in dealing with different plants. A multiplicity of specialized departments, combining a whole range of expertise, assist headquarters and regional staff.

Local unions elect convention delegates who, in turn, elect the International Executive Board. The UAW also charters district councils on a regional basis. Locals also send delegates to these councils which act in an advisory capacity to the regional director.

As of December 31, 1965, the UAW had assets of US\$68,552,142.11, of which ~~XXX~~ \$9,267,264.89 were in Canadian government federal and municipal bonds, and \$147,114.89 in Canadian UAW buildings. A strike fund of \$33,103,283.10 in 1965 was ~~xx~~ constantly added to before major negotiations.

The Canadian Region is directed by George Burt who was elected ~~x~~ twenty-seven years ago. He is scheduled to retire in 1968 and Dennis McDermott, the sub-regional director in Toronto, is often thought of as the likely replacement. As in the case of any other regional director, ~~Risk~~ Burt receives counsel from UAW District Council No. 26, ~~located~~ which meets in Windsor, Ontario, the location for the Regional Director's office~~x~~. Burt is assisted by a number of staff, including a director of research, Hugh Peacock. The UAW in Canada is affiliated to the Canadian Labour Congress, and Burt is one of four general vice presidents of the Congress.

Bargaining Units

The bargaining units in the Big Three corporations in North America include the following: ~~THE UNITED STATES~~

United States - total of 235 locals

GM - 130 locals - 400,000 workers

Ford - 60 locals - 165,000 workers

Chrysler - 45 locals - 85,000 workers

Canada - total of 73 locals + 45,000 workers

GM - 7 locals - 25,000 workers

Ford - 11 locals - 10,000...workers

Chrysler - 3....locals - 10,000...workers

The General Motors of Canada operations have grown appreciably in the last three decades. Table.....: below, indicates this growth since 1929, when there were 2,905 hourly-rated employees, to 1967, when 25,000 such workers are employed in five plants in Canada.

Table 2....: Growth of Employment in GM of Canada, Hourly-rated employees, selected high employment years

Plant	Year	Number of Employees
GM Oshawa	1939	2,905
" "	1949	4,400
Company	1955	9,500
"	1964	21,000
"	1967	25,000

GM of Canada's newest plant, in Ste Therese, Que., in which the UAW was accredited as bargaining agent for its employees in 1966, represents plant expansion for export to the United States. A separate study has been prepared because of some of the unique problems of collective bargaining in that bargaining unit. The study is appended, as appendix I.

In view of the fact that this study concentrates on GM of Canada's collective bargaining experience with the UAW, it is appropriate to indicate here in more detail the breakdown of the principal bargaining units. These bargaining units and the active payroll as of March 19, 1967, are as follows:

<u>GM of Canada bargaining units</u>	<u>Active payroll March 19, 1967</u>
GM Oshawa	11,743
GM Ste. Therese	1,776
Frigidaire	926
GM Diesel	753
GM Trim	858
McKinnon Industries - St. Catharines	6,140
McKinnon Industries - Windsor	909
 Total payroll	 23,105

GM of Canada also has truck branches organized by the UAW in Toronto with 74 employees, and in Montreal, with 82 hourly workers and 19 salaried workers.

GM of Canada bargaining units outside the UAW are very small and do not bear close examination in this study. They are noted below as a matter of record:

<u>GM of Canada Powerhouse Agreements</u>	<u>Active payroll March 19, 1967</u>
GM Oshawa - IUOE	43
Frigidaire - IUOE	11
McKinnon Industries, St.Catharines - CUOE	31
McKinnon Industries, Windsor - CUOE	8
GM Trim - CUOE	5

### Process of Collective Bargaining

The particular form of organization of the companies, and of the UAW, in respect of their overall structure and of collective bargaining, have been briefly related above. Here, the process of bargaining is examined. In part IV of the study, which follows, an analysis of the three decades of negotiations is attempted. Generally, the parent corporations of the Big Three, ~~in particular~~ and the UAW International, in the United States, determine the broad policies and strategy for collective bargaining in Canada. ~~There are distinguishable characteristics in bargaining in Canada which involve Canadian managers, and Canadian union officials, are involved in the process of policy formulation, and certainly in spearheading Canadian negotiations. Local issues must, of course, be resolved by local people. Indeed, there are at least two locals, one in GM of Canada, and the other in Ford of Canada, which have always tended more on the side of an independent position, in respect of the UAW.~~ A feeling for this may be readily gained in the case study, presented in the ~~next~~ <sup>experience of the</sup> part of this study, part IV, of the Oshawa local, 222. ~~experience.~~

The first indications of collective bargaining demands come when the Union meets in its constitutional convention, which is held every two years, or in a special collective bargaining convention, or conference. The broad outlines

of 1967 demands, for example, first emerged from the 20th constitutional convention, held in Long Beach, California, in May, 1966. More detailed resolutions, with specific proposals from all UAW locals, were submitted to the special convention, held in Detroit, Michigan, April 20, 22, 1967. The UAW's strategy has been to inform the companies, in this way, long before negotiations are ever to take place, just what the Union has in mind. As Reuther, UAW President, has said, 'this method ensures that the companies get over their initial ~~shock~~ shock and gradually adjust to the idea of the ~~demands~~ demands'.

While the Canadian Region of the UAW is represented in these conferences, and submissions, separate Canadian conferences are held to examine purely Canadian matters. In 1967, for example, the Canadian Collective Bargaining Conference of the UAW, was held one day after the United States conference, on April 23, 1967, in Windsor. This took the form of a report to the resolutions committee to the Canadian UAW economic conference. The latter is held under the auspices of the Canadian UAW Council, the highest policy-making recommending body in Canada. Present at this conference, in addition to the elected council delegates, were local union presidents who are not convention delegates and chairmen of negotiating committees of Canadian locals.

In 1967, as it happens, the demands of the UAW,--which are discussed elsewhere in this report--are very nearly identical on both sides of the United States-Canada border. Certain Canadian problems were discussed and these fell into two broad categories: (1) legislative objectives; and (2) collective bargaining proposals. Often the two are closely related, the UAW pursuing its objects both by lobbying for legislative changes, ~~as~~ and through collective bargaining.

The report of the resolutions committee is included as appendix.!!....to this report.

A further opportunity was provided UAW members and officers in Canada to discuss 1967 strategy in the meeting of the Canadian UAW Council which met at Port Elgin, Ontario, June 24 and 25, 1967. The Canadian Region Director, George Burt, submitted his report to the Council on various activities of the Union in Canada.

The report of the Canadian Director to the UAW Council in Canada is appended to this report as appendix.!!....

At the appropriate time, prior to the termination dates of collective bargaining agreements, the parties, --usually the UAW--give notice of their desire to change the terms of the agreements. Initial meetings are held between company and Union representatives. ~~The~~ The head of the industrial relations departments, with other ~~appropriate~~ officers, usually represent the companies. The Canadian Region~~s~~ director, together with the respective negotiating committees, represent the workers.

Early in the proceedings the Union usually calls for a conciliation officer and makes no secret of the fact that its only desire is to get the whole compulsory conciliation procedure out of the way so that when the agreements terminate they can strike, if necessary, in support of their demands. The companies have not usually come forward with a counter-proposal until close to the strike deadline.

The major factor influencing the process of negotiation in Canada ~~is~~ has been the progress of negotiations, and the terms of settlement, of bargaining in the United States automobile companies. Since there has been a gradual trend towards the equalization, and standardization, of wages and working conditions on both sides of the border, the present gaps--which are largely in wages, rather than benefits--are small.

settlements

At the very least, Canadian/~~Canadian~~ would lag a year or two behind those in the United States. The UAW, ~~nevertheless~~, has had to strike, as it did in 1964, to get the same settlement in Canada long after the settlements had been reached in the United States. At best, the UAW hopes for one set of negotiations, one master contract, for each company's United States and Canadian operations together. The 1967 negotiations will represent a determined bid on the part of the UAW to get as close to closing the wage gap as possible. The attempt is being made to resolve the matter in the United States negotiations on the grounds that parity for Canadian and United States workers is just as much in the interests of the latter, as the former. The UAW has already filed ~~unfair labor practices~~ charges with the National Labor Relations Board, in the United States, for company ~~refusal~~ refusal to bargain on this demand.

The negotiations are proceeding, as they did in previous years, with the ~~demands~~ UAW making initial demands in quick succession with each of the United States corporations, Walter Reuther leading the first meeting. Only very broad positions are taken at first, although some position papers outlining some demands are presented by the Union. In Canada, in 1967, the UAW succeeded in getting the Canadian subsidiaries to advance the ~~the~~ dates for preliminary talks to coincide more closely with deliberations underway in the United States.

Non-economic demands are first considered, with wage increases, or economic demands, coming last. As indicated earlier, the companies usually leave <sup>their.</sup> ~~their counterproposals~~ offers, to meet these demands, close to the strike deadline, when bargaining begins in earnest.

Because of their fear of anti-trust moves by the United States Government, the companies have not openly consulted ~~together~~ on formulating offers. The companies usually cite competitive factors to explain this. In practice, however, the companies have collaborated and in at least a couple of instances their offers to the UAW were identical or <sup>the</sup> close to it. In 1967 negotiations, currently underway, the companies are openly indicating their intention to confer. The UAW has been quite satisfied with individual company bargaining because this permits them to single out one company to strike in support of demands, placing that company in a bad competitive position in relation to other companies who may continue production and perhaps corner more of the market. The so-called independents, American Motors, Studebaker, etc., have paid dearly for this desire to continue production at all costs. Historically, their concessions have been even greater than those of the Big Three. Studebaker has finally been forced out of automobile production altogether. American Motors is in a marginal position with 3% of the market. In 1967 it has

reported substantial losses in profits and is apparently seeking relief from the UAW in freezing wages and conditions for two years to make a desperate bid for survival.

In 1964, the UAW utilized the "selective Strike" approach with General Motors in the United States. By this method, ~~only~~ a large number of employees continued working on parts and accessories that were destined for competitor companies, so that these other companies would not have to shut down for lack of parts. This strategy may well ~~become~~ become more important now. As the Mansfield, Ohio, wildcat strike at General Motors indicated recently, the company's operations are now so interdependent, <sup>and integrated,</sup> that plants throughout the United States and Canada were obliged to close down until the International Union was able to resolve the local dispute. There is every indication that if GM was struck in the United States, perhaps even on a selective basis, GM of Canada plants might also be compelled to close down for lack of essential parts.

The Ste Therese, Que., experience further illustrates the forces at work. The plant there was just recently built to produce for the American market. When the UAW succeeded in representing workers there, and struck GM of Canada, for wages comparable to those in Oshawa, the Company did not yield until the Union located <sup>the Company's</sup> ~~its~~ Pennsylvania-based supply centers and threatened trouble there. This pressured GM of Canada into the concessions the UAW wanted.

Once a settlement is arrived at with one company, other companies are likely to follow suit. The key company selected in the United States, which was Chrysler in 1964, may differ from the company chosen in Canada, which in ~~1964~~  
~~1964~~, was GM of Canada. In the 1967 round of negotiations ~~in the United States~~  
~~/~~ speculation has shifted from GM to Ford ~~and back to GM~~, as the target company.

In 1967 the companies are anticipating <sup>ed</sup> a strike following the termination of contracts there September 6, 1967. Production of the 1967 car models was halted early, and the re-tooling for the 1968 model, and actual production, ~~are~~ proceeding <sup>ed</sup> a few weeks earlier than usual. Car dealers in both countries are using this fact in their sales campaigns. They are arguing that 1967 models are going into short supply, that the 1968 models may well be delayed some months due to a strike, and that the 1968 models are going to be priced higher. Automobile company executives have been softening up public opinion to expect ~~xxx~~ price increases in the 1968 models, not only because of higher material and labour costs, but also because of safety standards to meet United States governmental ~~standards~~ legislation at federal and state levels. These safety features will be incorporated into Canadian-produced cars also. By mid-September all Big Three companies announced car price increases in the United States.

Full details on 1967 negotiations are included in part V of this study.

## PART IV

## THE HISTORY OF COLLECTIVE BARGAINING IN THE AUTOMOBILE MANUFACTURING INDUSTRY IN CANADA: 1937-1967

Introduction

In order to determine the basic trends and patterns of collective bargaining in the automobile manufacturing industry, especially to note the United States-Canadian patterns, and the "Big Three" patterns in each country, it would be desirable to examine and analyze each set of negotiations for each of the "Big Three" in the United States and Canada. Wage chronologies prepared in the United States Department of Labor, Bureau of Labor Statistics, for each of the companies' American operations, are available. No comparable material has ever been prepared by any agency or organization in Canada. It was necessary, therefore, to reconstruct from various sources at least one full company wage chronology.<sup>1</sup> Since GM of Canada accounts for well over fifty per cent of the Canadian automobile market, on this basis alone, GM of Canada, would represent a good choice for such a case study. Accordingly, in this part, a review of the three decades in which GM has been negotiating with its employees, and with the UAW, is made with special reference to the conciliation procedure, internal union problems, and the relationship of settlements to those in the United States, and the actual terms of settlement.

<sup>1</sup> See Appendix IV to this study for an analysis of wages and benefits in each of the Big Three companies in Canada.

Three Decades of Negotiations: 1937-1967

Following the pattern in the United States, where General Motors Corporation recognized the United Automobile Workers in its first collective bargaining agreement of February 11, 1937, General Motors of Canada, Limited, at Oshawa, Ontario, signed an agreement with an association of employees at its Oshawa plant. Although this plant was organized by the U. A. W., GM of Canada did not recognize the UAW as bargaining agent for these employees until April 12, 1943 when a second agreement was signed.

In both instances, in the United States, and in Canada, there had been some strife culminating in sit-down strikes at General Motors in the United States, and a strike in Canada. Moreover, there had been internal divisions within rival factions in the UAW itself competing for leadership, and it was not until late 1940, when the National Labor Relations Board ~~in the United States~~ certified one group, the UAW-CIO, (as opposed to the UAW-AFL), as bargaining agent, that the matter was resolved. It will be recalled that the 1935, so-called, Wagner Act in the United States, was found to be constitutional in a Supreme Court decision, thus paving the way for the implementation of a national policy recognizing labour unions and collective bargaining as established institutions.

Provisions of the 1937 GM-H&H Agreement in Canada

The first collective bargaining agreement in the automobile manufacturing industry in Canada was that concluded by General Motors of Canada, Limited (GM of Canada) at Oshawa, Ontario, with its hourly-paid employees in the Oshawa plant. The agreement was four pages in length. An association of employees, and not the UAW, was recognized as the bargaining agent. The terms of the agreement included the following:

- 44 hour standard work week
- premium pay of time and one-half for all hours worked in excess of nine, Monday through Thursday, and in excess of eight hours on Friday
- formal four-step grievance procedure, including arbitration
- seniority rights for employees on a departmental basis during periods of lay-off and recall
- two five-minute rest periods daily
- a general wage increase of 5 cents per hour
- the agreement would run concurrently with the agreement between GM and the UAW in the United States.

The UAW was busy organizing in Canada and it was not until 1943 that this agreement was opened up for negotiation. Of course, the Federal Government Order-in-Council P. C. 1003 had frozen wage increases other than those permitted under a

cost of living bonus plan which provided the workers wage increases totalling 8 cents per hour in the period from March, 1942, to November, 1943.

#### GM of Canada-United Automobile Workers Agreement of 1943

An agreement was reached on April 12, 1943, in which GM of Canada recognized the UAW as bargaining agent for its hourly-paid employees. The provisions of this agreement included the following:

- - overtime pay of time and a half for work performed on Saturday, Sunday, and on seven specified holidays
- two daily rest periods to be increased from five to ten minutes each
- the agreement to remain in effect for the duration of ~~the~~ World War II.

During this period the UAW failed in an attempt to organize the white-collar, salaried, employees of the Company at Oshawa.

#### 1946 and 1947 Agreements

On February 1, 1946, a new, one year agreement was reached which included a voluntary check-off of union dues provision. A March, 1946, settlement between GM and the UAW in the United States prompted the UAW in Canada to seek re-opening

of the contract. This was followed by the removal of wage control regulations in Canada and, accordingly, on October 1, 1946 the Company granted an average wage increase of 1^ cents an hour. The November 15, 1947, agreement implemented the Rand Formula union security provision at GM of Canada, stipulating that union dues would be deducted from all hourly paid employees in the bargaining unit whether they were union members or not. Other notable changes in this agreement were those providing for revisions from two to three hours in call-in pay, and those permitting workers, for the first time, to smoke while on the job, as long as, in the opinion of the Company, there was no danger of fire.

### Settlements in 1948

There were separate agreements, with differing expiry dates, coming up for negotiation in 1948. The ~~vacation~~ vacation pay agreement expired first and was renegotiated in May, 1948. The wage agreement was due to expire in June, 1948, and ~~the~~ some other provisions affecting ~~union security and~~ <sup>some aspects of the Rand</sup> Formula and working conditions were due to expire November 1, 1948. The UAW did attempt to include negotiations on wage questions in its May, 1948 discussions with the Company. On July 20, 1948, a two-year ~~agreement~~ was reached on some economic demands, leaving for November, 1948, the other matters.

The 1948 settlement highlights are as follows: The May, 1948, settlement on a vacation pay plan provided from 44 to 88 hours paid vacation, depending on years of seniority. The July, 1948, settlement, following the pattern set by GM in one aspect of the United States, incorporated/the historic wage formula, comprising a cost of living increase of 1 cent per hour increase for every 1.<sup>3</sup> rise in the D.B.S. Cost of Living Index above 164 points. No downward adjustment was called for. The improvement factor aspect of the wage formula granted to the UAW in the United States in 1948 was not granted to Canadian members until the 1950 agreement. A wage increase of 3¢ per hour, effective June 11, 1949, brought total wage and related costs to the Company of 14¢ per hour per employee for the two year period.

Some difficulties did arise during the life of the 1948-50 agreement. Part of these occurred in 1949 when, as part of a general pattern in the United States, the UAW campaigned against the time study and group bonus systems in the Oshawa plant of GM of Canada. There were claims by the Union that the Company was speeding-up production and effecting wage cuts. This culminated in a walk-out on October 26, 1949, in protest against the discharge of four union committeemen. The Minister of Labour attempted to bring the parties together, but the matter was not resolved until the International and the ~~xxxxxx~~ United States executives worked out a compromise. Employee discontent and dissatisfaction

continued to mount, and this was reflected in the increase in the number of grievances. It was with this labour unrest in mind that the Company proposed its five-year agreement when the 1948 contract expired June 12, 1950.

#### The Five-Year Agreement: 1950-1955

Following the pattern set by the parent corporation in the United States, in which a five-year contract was negotiated/a few days before the 1948-50 contract was due to expire, a similar agreement was reached in Canada with the UAW. The settlement/introduced the improvement factor component of the wage formula which had been introduced in the Company in the United States in its 1948 agreement. This provided for a 3 cents (or approximately  $2\frac{1}{2}\%$  of the average hourly rate) an hour to be added to an employee's hourly rate, each year of the five-year agreement. A wage increase for some job classifications, totalling 5 cents per hour, and a reduction in the work week from 44 to 40 hours, were also agreed upon.

Other provisions of this agreement included:

- a non-contributory pension plan
- a contributory insurance and medical program
- the agreement included for the first time

In addition to working conditions, provisions for wages and vacation pay.

Re-opening The Five-Year Agreement in 1953

In September, 1952, the General Motors Council of the UAW adopted a resolution calling for changes in the cost of living formula, and an increase from 4 to 5 cents in the improvement factor. In 1953, in the United States, unions representing employees in the steel, rubber and electrical industries (all on one year agreements) were negotiating increases greater than the 3 cents annual improvement factor at GM. In any event, the UAW maintained that the economy had changed sufficiently to require revision of the agreement. On May 22, 1953, GM amended the agreement. Consideration was given to the changes planned by the Department of Labor in the Consumer Price Index.

Meanwhile, in Oshawa, UAW rank and file, led by a small group, attempted to change the local leadership of the Union. The new leaders were said to have Communist party links. Certainly, they did take the local in Oshawa on a separate path. When the UAW succeeded in getting concessions from GM of Canada, similar to those made in the United States, in return for a Master Agreement covering the five GM plants in Canada, the Oshawa local opted to stay out of the Agreement.<sup>a</sup> It thereby lost the improvement factor increase of 1 cent an hour (from 3 to 4 cents) for the years 1953 and 1954. Cost of living formulae were also revised to conform to the New D. B. S. Consumer Price Index which replaced the Cost of Living Index.

The Oshawa local split into two rival factions and apparently created problems for the Company, not least in the 1955 negotiations.

### 1956-58 Agreement

The Oshawa local continued to resist negotiating together with the other locals when the 1950 agreement was up for re-negotiation. Twenty-eight meetings with the Oshawa local, between April 22, 1955, and July 22, 1955, had to be duplicated with the other locals. A short meeting with a conciliation officer was held in Oshawa June 22, 1955, at which the officer was given a list of 125 unresolved items. The officer felt he could do no more than recommend the appointment of a conciliation board. The Board, chaired by Judge J. C. Anderson, met the parties on July 29, 1955, at which time--and during subsequent sittings ~~at~~ Mr. George Burt, UAW Canadian Region Director, made clear his position that the conciliation board was serving no useful purpose other than enabling the companies to delay any impending strike and thereby carry on their business. Judge Anderson took a serious view of the matter and insisted that he would file recommendations based on the Company brief alone, whereupon the UAW did submit a brief. Disagreement then arose, on the side of the Company, as to the UAW's view that the agreement had expired on June 11, 1955, leaving the employees free to strike ~~after~~ seven days after the board's report was issued. When a strike did in fact occur September 18, 1955, the

Company appealed to the Labour Relations Board for a declaration that the strike was illegal. On October 4, 1955, the Chairman of the Board dismissed the Company's application. The Company, still not satisfied, appealed to the Board to reconsider its decision. The Board, after further hearings, confirmed its earlier decision.

The Oshawa local finally relented and joined in discussions for a Master Agreement. Meetings on local issues of a non-economic nature continued until November 15, 1955. The economic demands took a further three months of negotiation. It was not until February 13, 1956, that a final settlement was made, and the strike ended. Although the five-month strike was the longest in the UAW's history in Canada, there was no violence.

master  
A two and one-half year/agreement designed to terminate two months after the United States agreement. The major features of this settlement included:

- a supplemental unemployment benefit plan, following the pattern set by Ford in the United States. The Company was to pay 5 cents into a trust fund to provide, together with an Unemployment Insurance benefit, up to 65% of average weekly take home pay for the first four weeks of lay-off, and 60% thereafter, up to a maximum of 26 weeks.

- moderate increases in retirement benefits

- paid holidays increased from six to eight
- night shift premiums increased from 5 cents

per hour to 5% for second shift operations and 10% for third shift

- continuation of the wage formula, providing for three annual wage increases of 6 cents an hour.

### 1958-1961 Agreement

The GM-UAW agreement in the United States expired May 29, 1958. The demands made by the UAW in the United States were the same the UAW in Canada served on GM of Canada, with the single exception of a wage parity proposal which would represent 40 cents per hour for non-skilled, and ~~1~~ 70 cents

This would close the gap between Canadian and United States perk hour for skilled, classifications./ The negotiations, workers.

which commenced in Toronto on June 10, 1958, proceeded slowly because the UAW intended to wait for the resolution of negotiations in the United States. A conciliation officer met the parties on September 11, 1958. The UAW took the position that neither the officer nor a board could help the parties suggested and recommended to the officer that he recommend no board. A board was appointed comprised of one company and one union representative, with the chairman, ~~appoin~~ Mr. J. C. Adams, Q. C., appointed by the Minister of Labour because the parties could not agree on a suitable candidate. The Board met the parties on November 7, 1958, and encountered the same resistance from the UAW. The meeting lasted from 2.00 to 2.05 p.m. and the board

reported to the Minister that it could not effect a settlement.

Pacage proposals and counterproposals continued throughout November, 1958, and, on December~~x~~ 5, 1958, settlement was reached on all issues. Thre three-year agreement provided for the following:

- 12 cents of the 19 cents per hour cost of Living formula was factored into the base rate, and the adjustment point was reduced from .7 to .6 points.

- the 6 cents per hour annual improvement factor increases were to be made effective September 1, 1958, October 1, 1959, and November 1, 1960

- 8 cents per hour as granted to all journeymen in the skilled trades classifications and a  $\frac{1}{2}$  cent per hour adjustment fund, totalling \$66.58 per hour, was set aside for distribution to lower, non-skilled, classifications

- revisions were made in the group insurance, retirement, and supplemental unemployment benefit, plans.

#### 1961-1964 Agreement

Difficulties continued within the Oshawa local within a month of the 1958 settlement. ~~The~~ The president of the local was defeated ~~for~~ in an election in March, 1959. The election of a new officer, and the appointment of a new Chairman of the Shop Committee, seemed to contribute to an increase in grievances. The defeated president of the Oshawa local, C. Pilkey,

at the UAW International Convention in Atlantic City, Autumn, 1959, opposed George Burt~~h~~ for election as Canadian Regional Director.

Although Pilkey was defeated, his large vote caused some concern among the UAW International executive board.

In early 1960 George Burt, UAW Canadian Region Director, dismissed Paul Siren, director of UAW in the Toronto area. Siren, an International staff member for 17 years was dismissed on the grounds that he had violated the UAW Constitution by attending meetings with members of the Communist party during the five-month strike against GM of Canada. Several others from the UAW Oshawa local were also implicated. The UAW International appointed an investigatory committee consisting of the secretary-treasurer of the UAW, Emil Mazey, and four executive board members.

The committee held private hearings on February 2 and 3, 1960, in Toronto. On April 20, 1960, Paul Siren's dishharge was upheld. On May 9, 1960, the Oshawa local (Local 222) held a meeting at which the membership rejected the committee report. On May 22, 1960, Walter Reuther instructed the local to hold a membership meeting on May 29 to discuss the committee report. Mazey advised the 800 members present that only a convention vote, and not one local's membership, could reject the report.

On September 5, 1961, the UAW made its demands known to the Company, on behalf of the 15,000 employees in GM of Canada's several plants, to renew the December 5, 1958, agreement. This agreement expired automatically at midnight on October 31, 1961. The usual conciliation procedures were followed, including the appointment of a board which could not bring the parties any closer together. Meanwhile, in the United States, the UAW had reached agreement with GM on a three-year contract by September 27, 1961, after all local issues and strikes were resolved. The national contract covering GM's 310,000 workers in 131 bargaining units in the United States, was devoted principally to improvements in pensions and other benefits. The Canadian settlement, which was effective December 12, 1961, to expire October 31, 1964, followed very similar lines:

- settlement pay of \$10 for each employee
- increases, each year of the agreement, in the annual improvement factor (6cents or  $2\frac{1}{2}\%$ , whichever is greater) of 8 cents
- cost of living bonus/was incorporated into the base rate with 5 cents an hour remaining as an add-on.

--using reductions in 1961 in the annual improvement factor (effective December 12, 1961), and in the cost of living, the 3 cents per hour total was used to pay the full cost of Physicians Services, Inc., Plan, the Ontario Hospital Plan and the group insurance.

- supplemental unemployment benefits were increased, the non-contributory pension plan improved, and many

other benefits provided, including: relocation allowance plan, increased jury duty pay, vacation pay improvements, etc.

### 1964-1967 Agreement

In April, 1963, over a year before the agreements were due to terminate in the United States, the UAW and GM appointed a 12-man joint committee to examine the complex issues likely to develop in the 1964 round of negotiations. As usual, the 1964 demands were outlined in the UAW's 19th ~~ANNUAL~~ Constitutional Convention in March, 1964. Negotiations between the UAW and GM began two months before the agreement was due to expire, ~~in April~~ on June 30, 1964. By August 17, 1964, the "Big Three" had submitted to the UAW almost identical offers. After several extensions of the August 31, 1964, deadline, a "selective strike" took place at GM on September 25. This strike excluded about 80,000 UAW employees in GM who were producing for other companies. By this means the UAW sought to permit other automobile companies to continue production and thereby bring pressure to bear on GM. The strike continued for 31 days until October 25, 1964, when a settlement was reached which was basically following the pattern set by Chrysler earlier. 28 local plants continued to strike on local issues until the national agreement was signed effective November 10, 1964, to expire September 6, 1967. Major changes involved improvements in pension benefits rather than wages.

In Canada, it was GM, rather than Chrysler, which set the pattern. On September 1, 1964, the UAW submitted a notice to GM of Canada, to bargain on behalf of 22,000 members in locals: 222 in Oshawa, 195 in Windsor, 199 in St. Catharines, 503 in Scarborough, and 27 in London, all in Ontario. Nine meetings were held from September 9 to September 30, 1964, following which a request was made by the UAW for a conciliation officer. On October 7, 1964, J. B. Metzler, Ontario Deputy Minister of Labour, advised the parties by letter that V. E. Scott was appointed as conciliation officer. The following records developments:

- October 8            Scott send a telegram to the parties to meet at 8 York Street, Toronto, on
- October 14          10.15a. m. (there is no record as to whether the meeting was actually held).
- October 14          Stapleton, Director of Industrial Relations for GM of Canada wrote to Scott indicating that since the parties had not yet completed ~~xxx~~ their demands, he delay making a recommendation for a Board.
- October 14          Scott wrote the Minister (then, the Hon. R. L. Rountree, Q. C.) recommending a board. This was approved by A. C. Dennis, Associate Director, Conciliation Services.
- November 18<sup>7</sup>      The Board, chaired by Thomas C. O'Connor, met the parties briefly in Oshawa, Ontario

November 18, 1964. The Board filed a brief report to the Minister which indicated that recommendations would be made and that the parties were urged to settle their own problems peacefully.

A sixteen day strike followed. On December 18, 1964, a three-year agreement was reached incorporating basically the same provisions as that reached in the United States agreement. A total package of 59 cents an hour, with wages accounting for 30.77 cents and pension benefits 16.7 cents an hour. The highlights of this settlement are as follows:

- skilled trades to receive an immediate increase of 19 cents an hour and production workers 11 cents
- one cent an hour for adjustment of individual scales into an equity pool
- settlement pay of \$15 per employee
- second year improvement factor of 215%, third year of 2.8%, representing hourly increases ranging from 13 to 19 cents
- increase in sickness and accident insurance benefits to a minimum of \$60 and a maximum of \$90 a week
- extension of these benefits to one year
- allowances for drug costs
- increased pension benefits to \$8.50 <sup>a month</sup> per year of service, until age 70, at which point the Canadian Government's universal old age pension becomes applicable and the company

contribution is reduced to \$6 a month for each year of service.

- early retirement provisions
- increased widow's pensions
- pension settlement to correspond to United

States Social Security program benefits.

## ANALYSIS OF NEGOTIATIONS

The pattern of negotiations and settlements between GM of Canada and the UAW in Canada corresponds closely to the pattern for the other two companies in Canada. Similarly, the Canadian pattern, as a whole, follows closely the United States pattern. Certainly this has been true at least since the 1958 negotiations. As may be seen from a comparison of tables ... and ..., below, a chronology of GM of Canada negotiations, and negotiations in the industry, respectively, the years of settlements are identical. Only in 1956-58 when GM of Canada concluded a  $2\frac{1}{2}$ -year agreement, instead of a three year agreement in the United States, has the duration of agreements differed by more than a few months.

Tables

Table . . . . Chronology of Negotiations: GM of Canada and UAW: 1937-1967

Year of Agreement and duration	Local Unions Involved	Major Feature of Agreement
Feb.11, 1937 April 2 <sup>nd</sup> , 1937 April 12, 1943	Employees:Oshawa First GM of Canada Local 222 "	First GM-U.S.A. Agreement with UAW
Feb.1, 1946	GM of Canada recognized UAW as bargaining agent	
Oct.1, 1946	"	
July 15, 1947	"	
Nov.15, 1947 to Nov.1, 1948	"	
July 20, 1948 to June 12, 1950	"	
July 12, 1950 to May 12, 1955	"	
February 13, 1956 to Aug.1, 1958	all	After 5-month strike, Master Agreement signed including Oshawa local 222.
Dec.5, 1958 to Oct.31, 1961	"	
Dec.12, 1961 to Oct.31, 1964	"	
Dec.18, 1964 to Oct.31, 1967	"	Improvements in pensions and other benefits
		Pension benefit improvements

Table .....: Negotiations in the Automobile Manufacturing Industry in Canada, 1937-1967, showing years of agreements, duration, and some comparisons with United States agreements

Year of Settlement	Duration of Agreement in Yrs.	United States Company Setting the Pattern	Duration of U.S. Agreement	Major Feature of Settlement
1937	6	GM	2	First agreement: GM
1942		Ford		First Ford agreement
1942				
1946	1			
1947	1			
1948-50	2	GM	2	
1950-55	5	Ford	5	
1956-58	2½			
1958-61	3	American Motors?	3	
1961-64	3			
1964-67	3	Chrysler	3	
	?	Ford	?	?

So far as the positions of the parties is concerned, therew would not seem to be too great a discrepancy between the initial demands of the Union, the ~~final~~ company offer, and the final settlement. Table 5....: analysis of ~~wag~~ 1964 negotiations, GM and the UAW in the United States and Canada: Proposals and final settlement, which appears below, shows a close correspondence in three key items affecting wages. The ~~dem~~ demands of the two parties, especially of the UAW, are usually quite extensive in proposals to amend language of the agreement. These may run into several hundred items.

Table

TABLE 5 :

ANALYSIS OF 1964 NEGOTIATIONS:  
 General Motors and the U.A.W. in the United  
 States and in Canada: Proposals and Final Settlement

U.A.W. Proposal1. Annual Improvement Factor

Increase from  $2\frac{1}{2}$  to 6% p.a

Increase in each of the second and third years of the agreement: 6 cents per **hour** or  $2\frac{1}{2}$  per cent second year; 7 cents per hour or 2.8% third year, whichever is greater.

Company ProposalFinal Settlement

Wage increases (see below) plus effective Nov. 8/65 increase of  $2\frac{1}{2}\%$  - 6¢ effective Nov. 7/66 2.8% or 7¢, whichever is greater.

2. Wages

- parity with U.S. workers
- increase wages by 6% a year

Dec. 18/64, date of ratification, general increase of  $2\frac{1}{2}\%$  or 6 cents whichever is greater.  
 5 cents per hour general increase.  
 1 cent per hour across the board in each plant for wage inequities.  
 (and as above in improvement factor) <sup>91</sup>

3. Cost of Living

Incorporate the current C.O.L. allowance into basic rates and develop a new table based on 1 cent for each .4 increase in C.P.I.

Initially, The same as previously, ie continue 1 cent for each change of 0.6 in C.P.I.  
 Changed to: 10 cents transferred to employee's wage rate effect. Dec. 1/64.

10 cents transferred effective Jan. 4/65.

Oshawa plant

An analysis of general wage adjustments in GM of Canada from 1950 to 1966 is provided below:

<u>Date of Adjustment</u>	<u>Amount and nature of Adjustment</u>
June 12, 1950	General increase of 8¢ per hour to Dayworkers, 3¢ per hour to Group Bonus workers. In addition, the Cost of Living Formula came into effect.
June 12, 1951	General increase 3¢ per hour.
June 12, 1952	General increase 3¢ per hour.
December 6, 1952	Increase to skilled trades classifications 7¢ per hour.
June 12, 1953	General increase 3¢ per hour.
March 13, 1954	Transfer from cost of living allowance to wage rate 10¢ per hour.
June 12, 1954	General increase 3¢ per hour.
February 13, 1956	General increase 6¢ per hour plus special adjustments to skilled trades classifications (average cost 22.6¢ per hour) and non-skilled classifications (average cost 5.3¢ per hour).
August 1, 1956	General increase 6¢ per hour.
August 1, 1957	General increase 6¢ per hour.
December 8, 1958	General increase 6¢ per hour. Increase to skilled trades classifications 8¢ per hour. Transfer from cost of living allowance 12¢ per hour. Special adjustments to non-skilled classifications. Average cost .005¢ per hour.
October 1, 1959	General increase of 6¢ per hour or 2 1/2%.

November 1, 1960	General increase of 6¢ per hour or 2 1/2%.
December 12, 1961	General increase of 6¢ per hour or 2 1/2% (adjusted by a decrease of 2¢ per hour which was applied to benefit costs). Transfer from cost of living allowance 8¢ per hour.
November 5, 1962	General increase 6¢ per hour or 2 1/2%.
November 4, 1963	General increase 6¢ per hour or 2 1/2%.
December 18, 1964	General increase of 6¢ per hour or 2 1/2%. Additional increase of 12¢ per hour to skilled trades classifications and 5¢ per hour to all other job classifications. Transfer from cost of living allowance 10¢ per hour. Special adjustments to non-skilled classifications. Average cost of 1¢ per hour.
November 8, 1965	General increase 6¢ per hour or 2 1/2%.
November 7, 1966	General increase of 7¢ per hour or 2.8%.

A more adequate analysis of negotiations would have to take into consideration also the number and nature of grievances during the life of the contract, and how these were resolved. An analysis of cases going to arbitration could also contribute to a better understanding of the collective bargaining problems faced by the parties in their day-to-day operations and contacts. A brief analysis of current problems and issues in this area is undertaken in part V, <sup>leaving to</sup> ~~in~~ the final report a more comprehensive examination of this and related matters.

## PART V

### CURRENT ISSUES AND PROBLEMS IN COLLECTIVE BARGAINING IN THE AUTOMOBILE MANUFACTURING INDUSTRY IN CANADA

#### Introduction

A common characteristic of union demands in any industry is the inclusion of a number of items ~~which~~ for which the union has no~~t~~ intention of pushing very seriously immediately. Generally, these items may be resurrected from one set of negotiations to another, until some point is reached where they become serious issues <sup>as ~~for~~ part of</sup> for which the union is prepared to strike. This pattern is no different in the automobile industry. One may select any number of issues, such as wage parity for Canadian and United States workers, for example, and find that ~~request~~ an item has been included on the subject for the last several rounds of negotiations and, indeed, may be traced to a request made by the United Automobile Workers in 1939.

Walter Reuther, President of the UAW, by means of his flexible style of leadership--especially in negotiations--leaves the matter of which is a serious, and which not a <sup>be,</sup> strikeable, issue, somewhat ambiguous. There may, therefore, an element of speculation in ~~them~~ identifying issues as current.

For the purposes of this study it has been necessary to identify current and anticipated issues and problems in collective bargaining in the automobile manufacturing industry in Canada. As it happens, the dividing line between what constitutes a "current" issue, and an historical one, is very thin, due to the fact that the 1964-65 contracts expire in 1967, at the time of writing. Negotiations are underway in Canada among the "Big Three" - General Motors, Ford and Chrysler. What may, therefore, constitute a current issue may well be an issue no longer within a very short time, when a new collective bargaining agreement is reached.

~~Next time~~, The analysis should contribute to the continuing effort to analyze and understand the processes of collective bargaining in the industry.

In the case of some "current" issues, one must search back for decades to understand how they evolved. An example of this is the use of rest periods on the assembly lines in Canada, when the whole operation is brought to a standstill. The practice has been in existence so long that no one interviewed in the companies could recall how it had started. ~~Obviously~~ Obviously, an historical, and longer-term, perspective is important to any study of an industrial relations system. The time limitation, not to speak of the limited amount of published data available, preclude any very detailed historical study of this industry.

The automobile manufacturing companies are notorious for their reluctance to provide information. While the companies in Canada sought to co-operate in this study, there was some hesitation in providing information on matters that are subject to negotiation either with the UAW, or with the Canadian Government when the Automobile Agreement comes up for renewal in 1968.

Within these limitations, then, this part of the study sets out a brief description of each of the issues confronting the companies and the unions. Some of these policies of problems affect the Ontario Government, others affect those of the Government of Canada; all have implications for the country as a whole. Some of these issues are identifiable as specific demands in the 1967 round of negotiations. Others are more fundamental questions, an analysis of which is essential for the parties' demands are to be fully understood, and their probable consequences determined.

## LEGAL PROBLEMS UNDER THE ONTARIO LABOUR RELATIONS ACT

A Federal Government study would not normally submit recommendations which are subject to legislation by a provincial parliament. Due to the interest and co-operation of the Ontario Government, however, there has been no hesitation in submitting findings and recommendations in respect of legislative matters affecting collective bargaining in the automobile manufacturing industry. This The area of greatest concern is conciliation. The (Rand) Royal Commission Inquiry Into Labour Disputes will no doubt make complete recommendations on injunctions and perhaps on conciliation also. It is hoped that the following may be of some help to all concerned.

## CONCILIATION

The attitudes of the parties towards the compulsory, ~~two-step~~ two-step, conciliation procedure is of some importance to this study.  
the concerns of ~~the~~<sup>1</sup> the Labour Relations Act

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<sup>1</sup>

Revised Statutes of Ontario, 1960, chapter 202, as amended by 1961-62, Chapter 68; 1962-63, Chapter 70; 1964, Chapter 53; and 1966, Chapter 76.

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governs the greatest part of the automobile manufacturing industry in the Province of Ontario, and references to ~~legis~~ the law will refer to this Act. Generally, the companies and the Union are satisfied with the terms of the Act. In some specific areas, however, as in the matter of the conciliation procedure, there is some dissatisfaction.

#### Public and Private Views of the Parties

A distinction must be made between the public and private positions of the two parties towards conciliation, on the one hand, <sup>and</sup> the analysis and interpretation of the parties' positions as seen by a third party, on the other. Publicly, the companies have stated their approval of the conciliation procedure, while the Union has criticized it as being of little help to them and of some help to the companies as a device to delay the moment of truth: the ~~strike~~ strike. Privately, both parties take more moderate positions. The companies recognize that the process sometimes hinders the process of negotiation, at least in its ~~initial~~ initial stages, when ~~presentations~~ presentations

the Union presents its proposals, and when the company studies these proposals, or submits proposals of its own. In one instance, the head of labour relations of one company, conceded that the process of preparing briefs for conciliation boards was one which was helpful to him and his staff, in that it helped them to ~~not~~ clarify for themselves their own position.

The Union, for its part, privately sees the value of the conciliation procedure especially when it concerns the smaller companies, that is, outside the automobile manufacturing industry itself, and in the parts manufacturing industry, or in other industries where the UAW represents employees (~~the~~ principally agricultural implement, and aircraft industries). The Union recognizes, moreover, that an effective conciliation officer, performing a mediating role, may help to bring the parties closer together in many instances. There are many cases, in these smaller companies, where management is very naive in its personnel and labour relations policies, and where the union members themselves--only newly-organized, for example,--are also inexperienced in the strategy and tactics of collective bargaining. In these cases the conciliation officer can perform a most useful role.

#### Impartial Views of Conciliators

Those engaged in ~~the~~ conciliation are convinced of its usefulness. This is true of conciliation officers and of chairmen of conciliation boards. This view is understandable,

perhaps, not only because these people may be very committed to their roles as mediators, but also, naturally, because they have a vested interest in perpetuating the institution. The view of these participants in the conciliation process is that both parties ~~use~~ utilize the process to their respective advantage, at one time or another. Management ~~and labour~~ can use the procedure to delay serious negotiation, or to ~~or to prevent a strike.~~ delay an impending strike, / Labour can use this ~~and~~ same device when it suits its purpose.

The 'conciliators' views are that the two-step,   
should  
compulsory, conciliation procedure / be retained, because it is always available to assist in the process of bringing the parties closer together. The process in their view does promote labour-management peace ~~in~~ in the automobile manufacturing industry as well as elsewhere.

#### Analysis of the Conciliation Process

In practice, experience with the conciliation procedure, seems to be a barren exercise. The pattern for the last dozen years, or so, has been for the Union to submit, as early in the process of ~~the~~ initial negotiations as possible, a request to the Minister of Labour, under Section 13, of the Act, for a conciliation officer. Often, as in the 1964 negotiations, this was the same officer for the "Big Three" companies. The pattern Each with the Union was the same in each case. The company had met/several times and,

in each instance, the Union reported to the Minister, there had been a failure to reach agreement. Appointment of conciliation officer was thus requested. ~~XXXXXX~~

The officer called each of the parties to meet with him at a designated time and place. In almost every recent instance, there is ~~XXXXXX~~ record on the conciliation files at the Minister of Labour's Office in Toronto, of the conciliation officer's summary of the issues in dispute. In any event, under Section 83 (2), (2a), (2b), (2c) and (3), of the Act, no information available to the officer can be made available "except to the Minister, the Deputy Minister of Labour or the chief conciliation officer of the Department of Labour." (Sect.83(2a).) This practice apparently extends to keeping from the conciliation board appointed in the dispute any information gathered by the conciliation officer in his meetings with the parties.

~~The~~ Again, in every recent instance, the Union has urged that the conciliation officer report to the Minister, that no board is required; whereas, in each case the companies have sought to have boards. In one dispute, ~~the~~ a company wrote the Minister urging a delay in the appointment of a board because: the Union had not finished the presentation and initial explanation of its demands, nor had the Company had the time nor the opportunity to study them. Inspite of this,

on the same~~x~~ day, the conciliation officer recommended to the Minister that since a settlement had not been reached a board be appointed. This was approved by the associate director of conciliation services and acted on by the Minister.

In this same case, about a month later, the conciliation board, consisting of a company, and a union, nominee and a chairman appointed by the Minister, met with the two parties for a brief period one day and submitted the following report~~x~~, noting that the board would be of no assistance to the parties;

The Board was informed that, unlike previous years, an offer had ~~not~~ been made, which the Company described as 'a sound and extremely progressive proposal'. The Board is encouraged by this, and reminded the parties that the importance of their negotiations to the economy of the Province, and of Canada, required that they used every effort to find a peaceful solution to their problems.

About two weeks later, in this case, there was a strike which lasted for about two weeks.

The example given is fairly typical. One may well question the usefulness of the conciliation procedure under circumstances such as this. It would appear that a great deal more discretion in the use of conciliation officers, or more properly, mediators, and of boards, is called for in the case of collective bargaining disputes in the automobile manufacturing industry at least. To eliminate the element of compulsion, however, and to permit greater flexibility in

mediating disputes, a number of other problems would also have to be tackled. There can be no piece-meal solution in problems of this order of complexity.

#### Summary of Findings on the Conciliation Procedure and Recommendations

While the two-step, compulsory, conciliation procedure has been useful in some instances in bringing the parties closer together, the process has not been useful in collective bargaining in the automobile manufacturing industry. The importance of the procedure in other industries is noted. The element of compulsion which promotes this pedestrian, barren, and time-consuming procedure in instances where it could not possibly achieve the ends for which it was designed must be modified. The recommendation for this modification, however, is made with the explicit understanding that other changes also would have to be effected.

Greater power of discretion ought to be provided to the Minister~~s~~ of Labour in the appointment of conciliation officers and of conciliation ~~hard~~ boards. Some degree of discretion is already provided in the Act, but this ought to be extended to eliminate the element of compulsion in conciliation, leaving it to the Minister to decide if and when he would appoint a mediator or a board in a dispute. The criteria would be ~~more~~ related to the type of dispute, to the possibilities for mediation, and to the public welfare.

Basic to any such changes to the Act, will have to be certain changes in the organization, ~~and~~ staffing and functions of the Department of Labour. Although the quality of the conciliation officers has improved recently and ~~xxxx~~ more in keeping with their qualifications ~~experience~~ salaries/are being provided, further steps would have to be taken to upgrade the qualifications of conciliation personnel and, more important, to provide the kind of authority and support which would make them competent enough to cope with the complex issues of collective bargaining today.

In respect of the conciliation function itself, an effort would have to be made to improve the administration of the department so that the top man was as competent an administrator as a conciliator; preferably more the former than the latter. Moreover, a concerted attempt to erode the anti-intellectualism that appears to pervade the function would greatly help in propelling this service to currently acceptable, professional, standards.

No conciliator or mediator acting for the government could possibly be an expert in all areas subject to negotiation. The companies and the unions have large numbers of experts and consultants in a wide range of specializations. Mediators ought to have the ~~xx~~ benefit, also, of sophisticated and expert help from their department and from the Department of Labour. The research function should be elevated to a key position in the Department of Labour, providing intelligence

to the Minister, to officers, and to the interested public also.

Some of this upgrading will only take place once the universities in Canada wake up fully to present-day realities and provide a respectable place in their graduate studies for the specialization of industrial relations. The trend seems to be in that direction but much more needs to be done on a systematic basis, so that governments can subsidize such ~~x~~ a base for the profession. No profession historically has ever advanced without such a university teaching and research ~~base~~.base.

Injunctions

The provisions of the law, which permit the granting of interlocutory injunctive relief, pending trial, and the use by the companies of such injunctions to restrain picketing, has been a source of disagreement between the UAW and the companies. The subject is being examined, ~~in addition to others, by the~~ as part of a broader inquiry by the Royal Commission Inquiry Into Labour Disputes (so-called Rand Commission). Section 17 of the Ontario Judicature Act permits an ex parte application ~~for~~ if the court is satisfied that: "a breach of the peace, injury to the person~~s~~ or damage to the property has occurred or an interruption of an essential public service has occurred or is likely to occur". The companies, through/brief submitted by the Canadian Association of Manufacturers, ~~on~~ January, ~~xx~~ 1967, and the UAW, in brief submitted in June, 1967, respectively supported and opposed the practice of the granting of ex parte orders. Since the Rand Commission will be more competent to evaluate this, no attempt is made here to do so.

## OTHER LEGAL PROBLEMS

Recent amendments to the Federal Judges Act, which prevent judges in Ontario from sitting on arbitration panels and cases, has caused hardship to at least one company, the Ford Motor Company of Canada. A panel of judges has apparently served both the Company and the Union very well, and there is some concern as to how the matter will be resolved because the Company, in particular, is not too confident of university professors acting as arbitrators. GM of Canada and UAW, do have Professor Curtis of Queen's University, Kingston, Ontario, as umpire, so there seem to be differences of opinion on the matter.

Here, again, other Task Force studies concerned with legislative matters, and with arbitration, especially, will be submitting detailed findings and recommendations on this problem. The matter is merely brought forward for~~x~~ attention as a problem of federal legislation affecting ~~provincial~~ collective bargaining in the province of Ontario.

## PUBLIC POLICY ISSUES AFFECTING COLLECTIVE BARGAINING

are included  
Under this heading / those public policy issues  
outside the realm of labour relations, and labour law. In  
this section considers  
particular, / the question of the productivity of Canadian  
automobile manufacturing plants, especially following the  
rationalization of the industry which took place as a result of  
the 1965 Automobile Agreement. The question is: what has been  
the impact, so far, and what will be the likely future impact  
of the Agreement, on productivity? If productivity has  
increased, how will this be passed on: in lowering, or holding  
constant, car prices? in increasing workers' wages? or in  
increasing profits? or in all of these?

Answers to these questions are not readily forthcoming  
due to the absence or unavailability of empirical data. This  
absence of data is, in itself, a serious public policy problem.  
It is not alone an issue which is currently being debated hotly  
by managements and the UAW in ~~the~~ negotiations and therefore  
subject to conflicting interpretations. It is an issue which  
affects every Canadian family, if only because of the question  
of car prices alone. There are, of course, much broader  
economic implications for the Canadian economy.

Productivity of Canadian Plants

Central to the wage parity issue in collective bargaining in the automobile manufacturing industry is the question of ~~xxxix~~ the productivity of Canadian plants in relation to United States plants, and of Canadian workers compared to their American colleagues. The issue ~~ix~~ extends beyond collective bargaining. It is a public policy issue in Canada for a number of reasons. First, because an adequate understanding, if ~~not~~ a resolution, of the problem, is basic to the talks between the governments of the United States and Canada on renewal of the Automobile Agreement. The 1965 Agreement indicated January 1, 1968, as the date for such renewal. The automobile companies are most concerned about a number of problems arising out of the agreement, with the productivity question again taking a very prominent place.

Although the Automobile Agreement was a pragmatic solution to a difficult trade and tariff problem confronting Canada and the United States, there were some specific objectives for Canada in the Agreement. First, and foremost, any ~~improvement~~ increase in the volume of cars produced in Canada, ~~and~~ ~~in~~ ~~the~~ ~~market~~ would give Canada a greater and rightful share of an expanding Canadian automobile market. A reduction of imports from the United States would help reduce the imbalance of trade. Further, rationalization of the Canadian industry, would make it

more efficient and therefore more competitive in world markets. There is no doubt that in the two and a half years in which the Agreement has been in effect these objectives are being realized. The question remains, however, /~~as well as~~ with respect to the last objective, as to how long it would be before Canadian plants reached a level of efficiency equal to comparable plants in the United States.

The automobile companies maintain that several factors, including some of the Canadian content provisions in the Agreement, are working against any rapid equalization of levels of efficiency. They estimate that it would take several more years before such equalization is achieved. The UAW, on the other hand, maintains that the two and a half years have been adequate to bring Canadian plant operations up to levels of similar United States plants. On this basis they urge that wages of Canadian workers must be raised to equal levels of wages for similar workers in the United States. The UAW also maintains that the money being made by the companies in Canada, due to their ability to import tariff-free cars from the United States and sell in Canada at the higher prices, should be used to reduce Canadian car prices. The UAW is concerned that with lower wage costs, and higher profits in Canada, and with the North American nature of the industry, the companies will be induced to produce more in Canada and less in the United States, thereby endangering the jobs of UAW members in the United States.

The companies take the position that the process of rationalization, the presence of more lax working conditions, and of less efficient supervisory, if not, work force, personnel, will all necessitate a long time span, running into say five or six years, before productivity in Canadian plants equals those of their plants in the United States. The problems actually differ from one company to another.

GM of Canada, because of its larger volume of production, is most likely to achieve rapidly the economies of scale, from fewer models, with longer production runs, to bring its plants up to the same level of efficiency in both Canada and the United States. Ford of Canada and Chrysler Canada will have a progressively more difficult problem because of their lower volumes of production. Of course, General Motors in the United States has a level of efficiency, in any event, which rivals that of its competitors, but this has not contributed to any price war between the companies. It would seem, in this type of oligopoly, that prices are held at a level which would permit the smaller, less efficient producer to survive. The marginal producer will go under sooner or later, as Studebaker did only recently. Just what the implications are for Canada in this respect, are not at all clear.

The companies point out such factors as the rest periods in their Canadian plants, as precluding any easy solution of the productivity problem. They note that

there is a loss of something like 6.75% of the work day as a result of these two, ten-minute, breaks, during which the assembly-lines are brought to a complete halt. In the United States, the plants do not halt production; relief men take the places of workers on the line. The rest period problem is examined in more detail, under that heading, below.

The UAW in Canada invited representatives of the International's GM Department, in Detroit, to join some Canadian representatives in an inspection tour of GM of Canada's St. Catharines, Ontario, plant. The purpose of the inspection was to compare jobs and wages on both sides of the border, and in the process to compare levels of productivity on both sides of the border. On June 6 and 7, 1967, the party toured this plant, and on June 8th, they toured GM's Oshawa plant. The findings were as follows: the wages did differ for/same type of job content; ~~xxxxxxxxxxxxxx~~ ~~xxxxxxxxxxxxxx~~ production on normal operations was equal to United States levels, and exceeded United States levels where there were some more highly automated operations; and parity in wages was therefore more than justified.

In its analysis of this problem of productivity the UAW goes further--and this was apparently made clear at the Economic Council of Canada labour-management-government conference--and argues that wage increases for Canadian workers must not be tied to productivity yardsticks alone, in any event. The companies' profits were just as valid a yardstick as any. Mr. George Burt maintains that management, after all, controls levels of productivity, and that management is responsible for ensuring high levels of productivity.

Aggregate productivity trends in Canadian manufacturing industry, in terms of output per man-hour, have increased 25.4% from 1960 to 1966. Output per person employed in the same period increased by 24.6%. The 1966 annual increase was not as great as that in 1965. Wages in all manufacturing ~~xxx~~<sup>xx</sup> increased by 6.1% in 1966 over 1965, per person whereas output in the commercial economy increased by 3.6% in the same period, largely due to the high increase in ~~the~~ agricultural output which was 11.7% in 1966 over 1965. Increases in the nonagricultural sector were lower in 1966, 1.8%, compared to 1965, 2.5%, and previous years 3%.<sup>1</sup>

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<sup>1</sup>

Canada Labour Views, LVI, 584, July 28, 1967, pp.1-2

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It should be noted, of course, that consumer prices, and wholesale prices, rose 12.4% since<sup>1</sup> 1960 in Canada.<sup>2</sup>

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<sup>2</sup>

Bureau of Labor Statistics, U. S. Dept. of Labor, Labor Developments Abroad, June, 1967, p.26.

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It is significant, also, in this respect, that the UAW and Ford, in the United States, have reached an impasse on the UAW's request to see productivity figures for Ford. Ford has refused to relate wages to productivity data in the first place. Average productivity increases per year of roughly three per cent for the entire United States economy, represent--according to Walter Reuther--only half of Ford's annual rate of productivity increase,~~xxx~~ Ford's position, at this stage of bargaining, may simply be a bargaining tactic. The position is hardly tenable in view of the industry's concessions on the improvement factor, first granted in 1948 by GM, which clearly relate wage increases to average productivity increases. Moreover, in 1948, it was a clearly enunciated company position that workers should share in growth by those means. It may be seen, therefore, that the Canadian problem with respect to productivity is further complicated in this case by disagreements between the parties in the United States.

Availability of Information

In view of the importance of these issues for Canada, it would seem appropriate that the Canadian Government take steps to make available information on automobile company profits, on levels of productivity, and related matters. In addition, as was noted earlier in this study, the Federal Government, in co-operation with interested provincial governments, should develop wage chronologies, wage developments and trends, productivity, technology, and growth, and related data, which would be useful in the formulation of public policy, and which would serve the interests of the parties in collective bargaining also.<sup>1</sup>

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for an example of studies prepared by the Bureau of Labor Statistics, United States Department of Labor, see their Major BLS Programs: A Summary of Their Characteristics, 1967 Edition.

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## COLLECTIVE BARGAINING ISSUES AND PROBLEMS

1967 Demands and Negotiations

The table below sets out the contract expiry dates, and the dates negotiations got under way, for each of the Big Three in the United States and Canada. The contracts in the United States ~~expirexat~~ terminate at the same time, on September 6, 1967. In Canada, the termination dates extend from October 31, 1967, for GM of Canada, to December 1, 1967, for Ford of Canada. Negotiations began in the United States on July 10, 1967. The UAW was successful in advancing initial negotiation dates in Canada in all cases except that of American Motors, which is a special case, in any event, since the Canadian contract does not expire until June 30, 1968.

Table ....: 1967 Negotiations in the North American Automobile Manufacturing Industry: Contract Expiry Dates for United States and Canadian Agreements and dates Negotiations Began for the Big Three and GM

Company	United States	Canada
General Motors	Contract Expires: Sept. 6, 1967	Oct. 31, 1967
	Negotiation Begun: July 10, 1967	July 31, 1967 (Toronto)
Ford	# Sept. 6, 1967 July 11, 1967	December 1, 1967 August 1, 1967 (Toronto)
Chrysler		
	Sept. 6, 1967 July 12, 1967	November 15, 1967 # August 2, 1967 (Windsor)

Note: American Motors contract in the United States expires October 16, 1967, negotiations began July 1<sup>st</sup>, 1967. In Canada the contract expires one year later on June 30, 1968, and no negotiations are underway in Canada.

Earlier in this study, under the heading of "process of collective bargaining", references were made to the developments leading to the 1967 round of negotiations which seek to change the terms of the agreements concluded in 1964. The May 16-21, 1966, Long Beach, California, 20th Constitutional Convention of the UAW, adopted resolutions on collective bargaining goals. These resolutions underlined five major demands:

- (1) salaries for blue-collar workers;
- (2) the application of the attrition principle to adjust work-force requirements resulting from technological change;
- (3) "civilization and humanization of working conditions";
- (4) parity for Canadian workers and employees of independent parts suppliers and smaller companies in the United States; and
- (5) special consideration of the problems affecting white collar workers and workers in the skilled trades.

In the special--collective bargaining--convention held in Cobo Hall, Detroit, Michigan, April 20 to 22, 1967, Reuther stressed first a substantial wage increase. He put second among the priorities, the wage parity demand. He also emphasized the ~~guaranteed~~ guaranteed income for skilled and

and production workers. The idea is to have blue-collar workers put on the same footing as white collar workers. In practice, the gap between a laid-off worker's take home pay and the supplemental unemployment benefits and state unemployment insurance benefits he receives, is quite small. The desire of the UAW, then, is not so much alone to close that gap but also to establish the principle of equal treatment for all employees. In addition, ~~other demands except~~ Reuther indicated that improvements in all benefits would be sought, as well as improvements in working conditions through greater Union control of subcontracting, work loads, overtime, relief time, and related areas.

It is perhaps stressing the obvious to point out that the union is a political organization in an economic environment. The leader, in formulating demands for collective bargaining must take into consideration the needs of a diverse membership which, in the automobile industry totals 650,000 workers in the United States, and 45,000 in Canada. Of these, over 200,000, are skilled workers, who have historically represented a taxing problem for the leadership of the UAW. Reuther, and the UAW leadership, are making a determined bid to keep these groups together and are fighting a tendency for the skilled workers to break off into a rival faction. The companies recognize that even if they were to grant generous UAW demands, the leadership would have to make a show of a fight.

The companies have a vital stake in this drama, since they do need to have the discipline of a strong union.<sup>1</sup>

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<sup>1</sup> see, in this regard, the excellent article by Stanley H. Brown, "Walter Reuther: 'He's Got to Walk the Last Mile,'" in Fortune, July, 1967, pp.87ff.

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Union demands were made on the companies in the United States beginning July 10, 1967, and in Canada, on July 21, 1967, essentially along the lines outlined above. Specific requests run to several hundred items. In Canada the UAW succeeded in getting the companies to advance dates for initial meetings so that bargaining here may be more closely related to what was going on in the United States.

General Motors in the United States at first refused to bargain on the wage parity issue, arguing that this was not ~~xxx~~ legal since it was a matter for bargaining in Canada. The UAW retaliated by filing a refusal to bargain charge with the National Labor Relations Board under the Taft-Hartley Act. GM has since agreed to open up discussions on the subject. By the end of August, 1967, only one out of over 250 items, was agreed upon by GM and the UAW, and this had to do with a non-discrimination clause in the agreement. The clause was extended to include age and sex as well as race, religion and national origin.

Ford in the United States also refused to bargain on the wage parity issue and this also resulted in an unfair labor practice charge being filed with the National Labor Relations Board by the UAW. Later this charge was dropped when it appeared that the ~~Company~~ Company would concede discussions on this issue were appropriate and legal.

In their offers to the Workers, made just before the September 6th deadline, both GM and Ford neglected to include any reference or any concession on either the wage parity or the guaranteed annual wage issues. In respect of wages, their offers fell short by at least two per cent of the UAW demand. That is the companies offered a four per cent per year increase for the three years of a new agreement, whereas the UAW had in mind at least six per cent a year. In monetary terms, the companies' offers represented pay and fringe benefit increases of 55 to 60 cents an hour over the three years, whereas the UAW wanted 90 cents an hour. The base for wages and benefits for United States workers represents a total of \$4.68 an hour, representing an average of \$3.40 an hour in wages and the remainder in benefits.

The UAW rejected the offer on August 30, 1967. A committee statement said: "The three companies' offers are entirely inadequate and inequitable when measured against the fantastic profitability and productivity of the automobile industry and do not meet the pressing needs of the automobile industry's workers and their families."<sup>1</sup>

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<sup>1</sup>

New York Times, August 31, 1967, p.1

This rejection had been made by the top three bargaining committees of the UAW. These are composed of about twelve men in each of the GM, Chrysler and Ford departments. The UAW's twenty-six member Executive Board also recommended rejection of the offer. The 300-member GM and Ford, and the 150-member Chrysler, councils rejected the offer formally on August 31, 1967,

Following previous practice in the UAW, it was left to the UAW President, Walter Reuther, to select the target company, which would be struck. On August 31 Reuther charged GM with a conspiracy to defeat the UAW's purposes. Reuther said:

We can arrive at no other conclusion than that the Chrysler Corporation failed to accept our common sense proposal, which would avoid a strike when the present UAW contract expires on September 6, because the Chrysler corporation is locked into an industrywide conspiracy inspired and dominated by General Motors Corporation, and is not a free agent able to act in the best interest of the Chrysler Corporation, its stockholders, its dealers, its employes and the communities in which Chrysler Corporation plants are located.<sup>1</sup>

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<sup>1</sup>  
New York Times, September 1, 1967, pp.1;16.  
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In a letter to the UAW, the Chrysler Corporation's vice president, William O'Brien, wrote: "If as expiration of the current contract grows near and it appears an extension would serve the best interests of the company and the union in reaching an equitable agreement, we would review the such desirability of/an extension."

The proposal referred to by Reuther, and the reply from Chrysler,

which related to the attempts by the UAW to have the corporations,~~would~~/would not be struck, arrange to extend their contracts beyond the September 6 termination date. Chrysler had declined to do so, inviting the GM conspiracy charge. GM, itself, in a statement said: "There is no basis in fact now or in the past for Mr. Reuther's charges of conspiracy and collusion." Ford, in a statement by Malcolm L. Denise, vice president, said:

Throughout its long history of bargaining with the UAW, Ford Motor Company has made its own decisions on matters arising in the negotiations on the basis of what, in its judgment, best served the long-range interests of Ford Motor Company, and free of threat or coercion by any other corporation.

In making these judgments, Ford Motor Company necessarily has had to take into account the great power position that the UAW occupies in this industry, which enables it to pick its strike targets at will, and to use its whipsaw techniques at the expense of all competitors in the industry.

We are making, and will continue to make, decision (sic) this year on that same basis.<sup>1</sup>

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New York Times, September 1, 1967, pp.1;16

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Apparently these charges by the UAW, and the denials by the companies, were the result of the UAW having approached Chrysler earlier with an announcement that Chrysler was not the target company. The UAW proposed, further, that Chrysler ~~not~~ agree to accept strike immunity by agreeing to extend its contract with the Union beyond September 6, until such time as either GM or Ford had signed an agreement. Chrysler's

refusal to do so, invited the conspiracy charge ~~xix~~ against GM. ~~xx~~. Reuther said that in the 1955 and 1958 negotiations GM had forced other companies to follow its lead. He said: We have concluded in the present 1967 negotiations that General Motors Corporation is once again exerting its monopolistic control."

By September 2, 1967, the next day, the UAW had indicated that Ford would be the target company. The day after, September 3, Reuther publicly blamed Ford for an impasse in negotiations and warned that a strike would surely follow. He said that Ford had refused to produce data on productivity, as he~~h~~ had requested. The company also refused to relate increased wages to company profits. Reuther maintained that Ford's productivity represented at least an increase of six per cent a year, ~~or~~ which would represent 90 cents an hour over a three-year contract. The request for productivity figures is a standard UAW request. The companies usually decline to provide data and have not ever indicated if such data were available.

With three days remaining for a strike deadline, the Director of the Federal Mediation and Conciliation Service, William E. Simkin, arrived in Detroit ~~and~~ met with the bargaining teams to offer his assistance in settling the dispute. Public pressure in this and other forms began to make itself felt even before the strike was underway. The New York Times in its August 30, 1967, issue, criticised both the companies and the Union for what appeared to be a certain strike. The editorial invited a letter to the editor, which was published on September 4, in which the noted mediator, Theodore W. Kheel, criticized the newspaper for overstating its

case against collective bargaining, and against strikes, in particular. Neither the government, nor any experts, had yet to come up with a better alternative to collective bargaining and strikes were essential to effective bargaining. Other newspapers and journals generally echoed the New York Times'<sup>1</sup> reservations.

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see for example, Time, September 1, 1967, p.1; Philadelphia Inquirer,  
September 6, 1967, p.40

Reuther had all along anticipated these kinds of pressures and had made clear in the April, 1967, UAW Special Convention, that the UAW would do everything not to embroil the Government in the dispute by ensuring that only one company was struck at any one time, and that defense work would proceed even in the event of a strike. No doubt to strengthen the UAW position further, he announced to the press on September 4, that a strike at Ford would go ahead even if President Johnson attempted to persuade otherwise.

While previous rounds of negotiations had always some element of crisis, the current round seemed to indicate a greater ~~gap~~ gulf of disagreement between the parties. This was further emphasized when the Federal Government mediators, who normally do not sit in on negotiations prior to the strike stage, actually sat in as observers in Ford-UAW meetings.

The companies added to the suspense by not giving the UAW any indication, up to this time, of whether or not they would continue operations. There was always the possibility of a lockout. Denise of Ford stated publicly that the prospects for a settlement by the September 6 deadline were extremely

dim. Other company spokesmen were quoted as saying that even if the Union was offered everything, it would still be under pressure to strike because of the psychological climate among employees.

Ford said that it was willing to increase its initial offer if it could head off a strike. The Company maintained, however, that the UAW had not indicated its priorities and that there could not be a realistic supplementary offer until such priorities were known. A company spokesman said: "If it's wages~~s~~ we could do something there, <sup>f</sup> it's pensions, we could talk. If it's guaranteed income, we could look at unemployment benefits." Since the Union wanted all its original demands met, and not just these specific matters, the Company maintained, there would have to be a strike.

Reuther maintained that the UAW was "prepared to have our position changed in the give-and-take of collective bargaining" but that the Company was not willing to make a new offer. He maintained that this was not collective bargaining. The Company responded on September 5, in a statement by Vice President Malcolm L. Denise, to the effect that talks had fallen apart, and that a strike was inevitable. Denise said that the parties were very far apart. He said: "There is a time for settlement and a time in which you feel you don't settle."<sup>1</sup>

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<sup>1</sup>  
New York Times, September 6, 1967, p.1

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Reuther announced that a strike was inevitable. He said he would give up his \$28,750 salary for the duration of any Ford Strike. Further talks, he said, "would be an exercise in futility".

Meanwhile, at the same time, GM announced that retail car sales for the 1968 model year would exceed predictions made by Ford and Chrysler. GM predicted that 10.75 million units, including over 9 million passenger cars, would be sold. Production of cars for the 1968 model year had proceeded more rapidly than usual as the companies attempted to build up new car inventories prior to any strike.

At midnight, on September 6, 1967, the UAW struck Ford. <sup>in 101 plants and parts depots</sup>  
~~160,000 workers in 25 states were idled,~~ and the Company's 10,000 daily production of cars and trucks came to a halt. The UAW announced ~~that it had~~ a strike fund of \$67 million. Strike benefits of \$20 to \$30 a week would be paid to workers depending on whether they were single, married, or ~~widowed~~ married with children. Ford's 60,000 salaried workers <sup>by the Company to</sup>  
~~were told~~ show up for work in any event. The Company said that the UAW had cooperated fully in helping the company close down operations, especially in the steel production facilities. While defense work also was affected, no problems were anticipated. Denison of Ford said: "The end of the world isn't tonight if we have a strike." Reuther said ~~but~~ the lack of bitterness "in itself is a sign of maturing in labor-management relations."<sup>1</sup>

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New York Times, September 7, 1967, pp.1;26

Leonard Woodcock, UAW vice president, and head of the UAW's GM department, said that GM was trying to turn the strike into a national crisis by provoking the UAW into a strike in GM. The Company responded

through Louis G. Seaton, its vice president in charge of labour relations, who said: "GM intends to continue all operations as long as it can do so." Although there was no bargaining, it was not the intention of the Company to lock out. Chrysler and GM both announced that they would extend all terms of the contract with some exceptions. That is, the contracts would not technically have their termination dates extended beyond September 6, but all working conditions would be the same. The exceptions were that neither union shop, nor collection of union dues, would be honored. The union shop agreement requires that the company require any employee to become a union member after 30 days on the job. Union dues are deducted by the ~~four~~ companies from payrolls and the funds are handed to the Union. The Union would therefore have to arrange for the collection of dues.

Ford joined Chrysler, and later ~~the other companies~~ GM joined the expectations of other companies, in announcing/price increases on the 1968 model cars. As was indicated earlier in this study, the companies had been making statements to warn the public of impending price increases. It is interesting to note that announcements by the companies of record sales ~~in 1968~~ for 1968 cars and price increases for these cars were made to coincide with the strike.

Gardner Ackley, chairman of the President's Council on Economic Advisers, announced in Washington that although the Ford Strike would dampen economic activity, a speed-up would occur later on. The New York Times (September 7, 1967) also reported that it learned that the Council had no intention of making a peace appeal to the parties.

There was a general expectation on the part of informed observers that the strike would be a long one. The two lengthiest strikes in the industry, one of 119 days at GM in 1945 and 1946, and the 100 day strike in Chrysler in 1950, were recalled. More recent strikes have been of a shorter duration. For example, the GM and Ford strikes in 1958 and 1961, the Ford strike in 1961, were for two weeks. The GM strike in 1964 was for five weeks. Generally these strikes were for individual plant, rather than national issues. The current, 1967, strike is over a master agreement. The companies, including Ford, seemed determined to resist Union demands. Ford's 1968 model car was not due to go on sale until September 22, 1967. Already 84,000 of the 1968 model cars were in dealer's ~~new~~ hands. Since it was apparent that a settlement at Ford would be followed by strikes in GM and perhaps Chrysler, ~~the~~ ~~company~~ Ford could expect to catch up with sales during such a strike, although it would not likely be of long duration. There were factors in the UAW's relationship with GM, however, that could involve a long strike. In anticipation of a long series of strikes the UAW announced that it would propose to raise dues by \$5 a week. Henry Ford II, chairman of the board of Ford, said that even though the strike would be costly to the Company, settlement on the Union's terms would be even more costly. Reuther said that the UAW would not retreat on any of its demands.<sup>1</sup>

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New York Times, September 8, 1967, pp.1;46

The press in the United States, consistent with its general philosophy these past years, continued to criticise the strike, maintaining that there hadn't been in fact any serious collective bargaining. In an editorial in its September 8, 1967, issue, (page 38) the New York Times took such a position. The editorial also said:

The United Automobile Workers submitted a trunkful of demands that would have pushed up labor costs by two-thirds or more. Management's response, carefully concerted with General Motors and Chrysler, fell substantially short of the 5 per cent-plus pattern that has become standard in major contracts this year.

What followed, thought termed negotiations, was a study in immobility so rigid it might have been executed by refugees from Madame Tussaud's wax museum. The only approach ~~xxxx~~ to sanity came a few hours before the midnight strike deadline when Walter P. Reuther offered to submit all economic issues to binding arbitration.

The arbitration proposal was refused by ~~xxxx~~ Ford. Perhaps it was entirely consistent with Company philosophy that it do so. Arbitration on the UAW's terms would have required an arbitrator to consider the question of equity, that is, of the equity of a Ford worker in relation to the equity received by Ford executives and stockholders. To make an assessment of such an issue an arbitrator would have had to gain access to information that the automobile companies have never been willing to make available to anyone. This would have involved such matters as price levels, ~~xxx~~ profits and executive compensation. These matters, the Company would argue, are in any event outside the scope of collective bargaining. Reuther disagrees. He argues that data on productivity, for example, is economic data. They represent the "economic facts" and the company now does not want to talk about economic facts. In previous years, Reuther says, Ford was quite

willing to talk about relating wages to productivity. Now, he says, the Company chooses to reject such a consideration.

The equity question is simple enough, even if the logic is unacceptable to American management generally. Equity would dictate that a worker receive as much, in relative terms, of the total pie as would an executive or a shareholder. Reuther maintains that Mr. Ford, chairman of the Board of Ford, who earned in 1966, a total of \$615,000 in salary and bonus, receives income based on a base rate plus a bonus based on economic data. An executive is paid on the basis of economic data and facts. Why then, it is argued should a worker be paid on the basis of any three year projection into the future. Similarly, a worker should receive additional income when the economic facts are in and at hand.

A Ford stockholder, with ~~sixty-six~~ 6,800 shares of Ford stock, would have received a total of \$308,720 in dividends since 1949. In the same eighteen year period a Ford worker would have received only \$105,447, even though that worker's equity in the Company was as great as the shareholder. The Union is not concerned with the fact that Mr. Ford owns 1,375,000 shares, valued at \$68 million. It is concerned that workers receive the same consideration as executives and shareholders in the rightful share of productivity increases.

Two days after the strike went into effect several companies, suppliers to Ford, announced lay-offs of workers as a result of the strike. For example, the Budd Company in Philadelphia laid off 1,000 workers at its Hunting Park Avenue plant, or one fifth of the plant's labor force. Other companies announced that they would anticipate lay-offs if the strike continued.

Also on September 8, President Johnson expressed his hope in a press conference for a prompt and satisfactory settlement of the dispute, but said that he would not involve the Administration in the strike. On September 11, Chrysler announced an average increase in the price of 1968 model cars of \$133 a car, or 4.3 per cent more than that for 1967 models. On September 25, after both GM and Ford had also announced price increases, reduced the increase to an average of \$101 per car. On September 18, GM announced price increases on an average of \$133 or 4.6 per cent per car on 1968 models. Ford followed on September 20 and announced increases of \$114 or 3.9 per cent per car on the new models. ~~The~~ Ford spokesmen pointed out that after a settlement was reached with the UAW it would have to review the price structure to take account of higher wages.

The press reported on September 10, that the UAW and Ford would meet to resume discussions that had been broken off September 6, following the strike. The next day the parties got together to discuss the best way in which to proceed with discussions. Denise, of Ford, said ~~itself~~ that there was general agreement at this meeting to talk about non-economic issues, that is, about such matters as union proposals, on compulsory versus voluntary overtime, and on subcontracting of work by the Company. On September 16, talks between the two groups resumed after about a week's lapse. Both sides indicated to the press that they did not expect any agreement soon. It was generally felt, as was indicated earlier, that Ford would not feel the pressures until the 1968 models were introduced to the public on September 22. Moreover, the Company had already committed itself to millions of dollars of advertising through all media. Much of

this expenditure could not be cancelled. It is not the practice of a company to spend such large sums on advertising ~~xxxxxx~~ when it is not in a position to deliver the merchandise. This put further pressures on the corporation for a settlement. There were, therefore, pressures on both sides. While the workers were losing \$5,000,000 a day in lost wages, ~~and~~ the company was losing revenue on 10,000 cars produced daily, and in addition it was committed to making advertising and other outlays which represented a loss due to their bad timing. In this power contest, each party was awaiting a sign of weakness in the other side.

In the daily discussions ~~xxxxxxxxxx~~ between the parties, Ken Bannon, head of the UAW's Ford Department, headed the negotiations. On September ~~22~~ 22, Reuther joined the talks. Usually, Reuther only gets involved at the very outset of talks, ~~and~~ ~~and~~ leaving it to other UAW officers to continue discussions. He puts in an appearance again, only when he feels the talks are becoming important. His appearance led to some speculation about a settlement, but after the talks he announced that a ~~xxx~~ stalemate had been reached. He said that the Company in effect refused to offer to increase wages, raise pensions, increase lay-off pay, and that it ignored completely the Union's demands on equal pay for Canadian workers. Ford also ignored the other demands relating to an extra pay increase for skilled workers, and the proposal to put factory workers on a salaried basis. Ford's spokesman, Denise, said that the talks had been no more than a review of ~~xxxx~~ where the two parties found themselves, and that no progress had been made since the onset of the strike.

On September 23, the 180,000 Rubber Workers, who themselves had a 91-day been on/strike, and had received an interest free loan of \$3 million from the UAW, offered "100 per cent support" of the UAW.## On the same day, Reuther, speaking on behalf of the UAW's Executive Board, urged the governments of the United States and Canada to carry out an investigation into "the whole field of prices, costs and profits in the auto industry. Reuther said:

...for the third time in three years, American and Canadian car buyers have been burdened with unjustified price increases by the automobile industry.

The automotive industry is aggravating inflationary dangers in both (the United States and Canada).

The UAW International executive board strongly urges that the U. S. Congress and ~~the~~ Canadian Parliament undertake immediate, searching investigations into the prices, costs and profits in the automobile industry.

The rate of productivity advance in the industry and its strong profits position make price cuts rather than price increases possible.

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The Philadelphia Inquirer, September 24, 1967, p.14

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Reuther also maintained that the companies had always tried to blame price increases on the Union and on the workers. Neither the higher wage demands, nor the additional safety features being introduced in 1968 models, justified a price increase. On the contrary, the UAW had always argued that price reductions would result in the sale of more cars.

Consistent with his crusade to carry the Union message to the American and Canadian public, Reuther appeared on an NBC (National Broadcasting Corporation) television program "Meet the Press". In a half-hour program

which was televised, live, on September 24, 1967, Reuther was questioned by ~~Newspaper~~ and T. V. correspondents and presented his case for the UAW. In addition, in answer~~s~~ to questions, he indicated ~~xxxx~~ qualified support for President Johnson, but proposed a new policy, involving cessation of bombing, for Vietnam.

These incidents are related here to indicate clearly the role played by a charismatic leader such as Reuther. At the height of his power contest with management, his political interests, his prominence in "the ~~extinct~~<sup>extinct</sup> establishment" is turned to good account to dramatize the Union's ~~xxx~~ position. This charisma not only has an impact on the public at large, and therefore on the governments and corporations, but also, it has an impact on the membership of the UAW, who he represents. Such prominence helps Reuther keep his ~~xxx~~ UAW membership behind him; it helps close the ranks.

Further along these lines, is Reuther's public statement on September 26, inviting Henry Ford II to sit in on talks which are being held in Ford's head office in Dearborn, Michigan. Apparently, Reuther ~~xxxxxxxxxx~~ was reacting to a statement by Henry Ford, the day before, in which Mr. Ford had said that the Union had not done anything to reach agreement. Reuther said: "Maybe Mr. Ford doesn't know what is happening at the bargaining table and it might be a good idea if he came down here for a couple of days and sat in, because obviously he is not being told or doesn't understand when he says we're not making an effort."<sup>1</sup>

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New York Times, September 27, 1967, p.50

Both sides continued throughout September to blame the other for lack of progress in negotiations, charging that no concessions were being made.

Again, on the level of national politics, the question of price increases in a number of industries, was being constantly debated. In both Canada and the United States inflationary pressures were great. The New York Times reported on September 27, 1967, (page 59) that Gardner Ackley, chairman of the President's Council of Economic Advisers, felt that price increases were not enough to stem inflationary forces, and that a tax surcharge would still have to go into effect.

## GUARANTEED ANNUAL INCOME

The guaranteed annual wage (GAW) has long been one of Walter Reuther's goals, and the subject has been included in negotiations in previous years. The 1967 demands call for a guaranteed annual income. The following locals unions submitted ~~new~~ resolutions to the April, 1967, special convention on the guaranteed annual income:

Local 212  
 Agricultural Implement and Industrial  
 workers wage and hour council  
 Bendix council  
 GM Sub-council No. 3, 4, and 10  
 12th International Skilled Trades Conference

The resolution of the Joint Resolutions Constitution Committee says, in part:

We have now reached a point--and the productivity and profitability of our industries have reached a point--at which it has become possible and necessary to challenge and to end the double standard which is the most serious remaining obstacle to our members' realization of their full equity as workers. That double standard is the now indefensible division which employers maintain between men and women who are hourly rated and those who have ~~salaried~~ status. To be hourly rated is to be under-rated, to be put down from the human standpoint, to be downgraded in company bookkeeping as a variable cost, which in its cruel essence means to be expendable. Salaried workers, on the other hand, have the privileged ranking of overhead; the costs of their salaries are regarded as part of the continuous costs of doing business.

.....  
 The hour wage system has been the source and symbol of exploitation of industrial workers by employers since the primitive beginnings of the industrial revolution. This system

can no longer be defended in a society with access to the new tools of science and technology and committed to the advancement of democratic human values, not only in the political sphere but in the economic sphere as well. The hourly wage system has outlived its time.

The National Commission on Technology, ~~and~~ Automation and Economic Progress--popularly known as the Automation Commission--called for the abolition of the 'invidious distinction' between hourly and salaried workers as a matter of ~~conscience~~ 'community conscience.'

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] Joint Resolutions Constitution Committee, Report Number One,  
Collective Bargaining Resolution, Special Convention, UAW,  
April 20, 21, 22, 1967, Cobo Hall, Detroit, Michigan, p.7.

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The resolution quoted above also points out that the purpose of a guaranteed annual income is not to obligate a firm to retain an employee for life. Its purpose is to provide security of incomes for at least one year ahead, at a time. A worker hired at the beginning of the model year, say in mid-August of any given year, must be assured a year's employment, or at least his income for that year must be guaranteed.

The guaranteed annual income and the so-called salary plan are therefore related but ~~essentially~~ not identical issues. The guaranteed annual income will ensure a man a year's ~~xx~~ income. The salary plan will alter the method by which a man is paid, so that he will be paid on a weekly, or monthly, rather than on an hourly basis.

## WAGE PARITY

As was indicated in part I of this preliminary study, no attempt is made here to duplicate work on wage parity, and related problems, which has been commissioned by the Task Force. A brief description of the issue as it is seen by the parties in the automobile manufacturing industry may be helpful.

The issues separating ~~the~~ the Big Three companies and the UAW on the productivity of Canadian plants and Canadian workers in relation to comparable productivity levels in the United States have been treated elsewhere in this study. These issues are very basic to the question as to whether there is any basis for wage parity between Canadian and United States workers in the automobile manufacturing industry. If, as a result of the Automobile Agreement of January 16, 1965, the Canadian operations of the Big Three have been rationalized fully, and if productivity, or output per man hour (or other productivity measures) were equal <sup>in</sup> ~~in~~ both countries <sup>for comparable operations</sup>, then presumably the increased productivity could be passed along either in the form of increased profits, or car prices could be held constant, rather than increased, or car prices could be reduced, or wages could be increased. It is possible that all these may occur, but not likely. ~~xxxxxxxxxxxxxx, the~~ The ~~in~~ difficulty in obtaining data in these areas has already been referred to. In the absence of data, little more can be done than state the positions of the parties.

Any analysis of wages in the automobile manufacturing industry,

would show that Canadian wages were somewhat lower than those in the United States. For any given occupation, the range of difference extends from 17 cents to 60 cents an hour, or from seven to twenty per cent.

Table....:, below, shows the rates for selected occupations in the industry in Canada, in 1965. It may be seen that these rates range on the average

from \$2.24 an hour to \$3.25 an hour. Since the bulk of the industry

is in Ontario, the Ontario rates are more ~~as~~ relevant. Here the rates

The Union says that range from \$2.47 to \$3.26 an hour. /United States rates average in the

neighbourhood of from 17 cents to 60 cents an hour more than these rates,

depending on the job. Official data for the United States, for April, 1963,

which does not show the 1964 negotiated increases, and is two years

behind the Canadian figures, still shows a range for related occupations,

United States-Canadian of straight-time hourly earnings, of from \$2.52 to \$4.29.~~xx~~ The gap was somewhat

closed/in the 1964-65 negotiations, so that in 1967, in terms of base

wages, say for production workers, ~~xx~~ the Canadian average would be

Canadian \$2.95, or 10% less than the comparable United States rate

of U.S.\$3.25 (not allowing for currency exchange differentials). The

most common wage differential is about 40 to 50 cents. For skilled

categories, it is higher. For example, a skilled worker in Detroit receives

\$4.40 an hour compared to his counterpart in Oshawa who receives only \$3.40.

If the skilled worker in the United States received an increase of only

50 cents an hour, the differential would increase from \$1.00 to \$1.50, without

taking into account currency exchange differentials.

The companies argue that there is no basis for parity in wages.

As is shown elsewhere in the body of this study, the companies feel that

it will take several years for the process of rationalizing Canadian operations to take full effect. They see several problems affecting any rapid equalization of productivity between plants in the two countries: problems in the Automobile Agreement itself, on Canadian content; the lower qualifications of Canadian supervisory personnel and possibly of the workers; the existence of ~~the~~ rest periods~~s~~ in Canadian plants involving what they estimate is a 6.75% time loss; and several other factors, ~~xxxxxx~~

Canadian Minister of Industry Drury said in a public address that productivity in the United States is 35% higher than in Canada and that the difference was reflected in average wage rates which were 32% lower on the average in Canada. This indicated that parity was not justified at this time. The companies supported this argument, maintaining that parity in one industry might have repercussions on the whole economy; a line of reasoning which does not seem to be justified in the light of studies of wage behaviour in Canada. The statement by Drury alienated the UAW leadership and membership, and indeed many others both inside and outside the labour movement.

The Economic Council of Canada, in its Third Annual Review (November 1966) recognized that: "...for the Canadian economy as a whole, income parity with the United States cannot possibly be achieved through collective bargaining alone. Many other things have to be accomplished--above all, a productivity gap has to be closed, and this will not be done overnight. But if the gap can gradually be narrowed, the number of situations in which parity could become a reality will increase."



Table 7 (cont.)

Table 58 - MOTOR VEHICLE PARTS AND ACCESSORIES<sup>1</sup> - Tableau 58 - PIÈCES DE VÉHICULES ET PIÈCES DE VÉHICULES À MOTEUR<sup>1</sup>

## TIME WORK - TRAVAIL AU TEMPS

October 1 - 1965 - 1er octobre

## WAGE RATE PER HOUR - TAUX HORAIRE DE SALAIRE

INDUSTRY INDUSTRIE	QUÉBEC			ONTARIO			TORONTO		
	Occupation		Moyenne	MONTRÉAL		Moyenne	ONTARIO		Moyenne
	Average	Pédominant Range		Average	Pédominant Range		Moyenne	Pédominante	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1. Assemblier, Male .....	2.28	1.77	1.60 - 1.97	1.82	1.65 - 1.97	2.31	1.67 - 1.93	2.03	1.50 - 2.12
2. Assemblier, Female .....	1.58	-	-	-	-	1.58	1.15 - 2.38	1.36	1.00 - 1.55
3. Drill-Press Operator .....	2.64	-	-	-	-	2.65	2.09 - 2.73	-	Conducteur de perceuse .....
4. Electrician, Maintenance .....	2.96	-	-	-	-	2.97	2.57 - 3.14	2.66	2.34 - 2.98
5. Grinder .....	2.55	1.68	1.75 - 2.01	1.95	1.90 - 2.01	2.53	2.00 - 2.73	2.00	Faucheur .....
6. Heat Treater .....	2.41	1.92	1.75 - 2.01	2.17	2.06 - 2.70	2.26	2.06 - 2.70	2.36	Préposé à traitement thermique .....
7. Inspector, Male .....	2.46	-	-	-	-	2.16	1.94 - 2.70	2.36	2.17 - 2.71
8. Inspector, Female .....	1.78	-	-	-	-	1.78	1.15 - 2.47	1.73	Inspectrice .....
9. Labourer .....	2.07	1.53	1.10 - 1.77	1.62	1.48 - 1.77	2.13	1.60 - 2.58	1.98	Manœuvre .....
10. Lathe Operator .....	2.57	1.85	1.36 - 2.10	-	-	2.60	2.01 - 2.81	-	Conducteur de tour .....
11. Machine Operator, Male .....	2.41	1.87	1.77 - 2.09	1.90	1.81 - 2.09	2.13	1.69 - 2.73	2.23	1.81 - 2.18
12. Machine Operator, Female .....	1.61	-	-	-	-	1.64	1.13 - 2.11	1.44	Conducteur de machine .....
13. Mechanic, Maintenance .....	2.80	2.08	-	2.10	-	2.87	2.25 - 3.19	2.55	Conductrice de machine .....
14. Mechanic (Machine Repairman) .....	2.65	-	-	-	-	2.09	2.00 - 3.19	2.64	Mécaniste, réparation de machines .....
15. Milling Machine Operator .....	2.62	-	-	-	-	2.69	2.00 - 3.19	2.37	Mécanicien (opérateur de machines) .....
16. Millwright .....	2.93	2.14	-	2.14	-	2.62	2.36 - 2.70	2.64	Conducteur de fraiseuse .....
17. Painter, Spray .....	2.05	1.71	1.40 - 1.97	-	-	2.94	2.56 - 3.08	2.54	Mécanicien-peintre .....
18. Pipefitter .....	3.00	-	-	-	-	2.09	1.74 - 2.14	2.17	Peintre au pistolet .....
19. Punch-Press Operator .....	1.98	1.83	1.62 - 1.84	1.83	1.62 - 1.84	3.03	2.89 - 3.08	-	Tuyautier .....
20. Sheet Metal Worker .....	2.53	-	-	-	-	1.93	1.38 - 2.36	1.62	Conducteur de presse à découper .....
21. Sheet Metal Worker .....	2.09	-	-	-	-	2.54	1.92 - 2.84	2.36	Monteur-ajusteur .....
22. Tool and Die Worker .....	2.62	-	-	-	-	2.69	1.90 - 2.45	2.11	Toufet .....
23. Welder, Machine .....	2.32	-	-	-	-	2.84	2.35 - 3.30	2.68	Outilleur et matriceur .....
24. Welder, Maintenance .....	2.76	2.07	2.00 - 2.20	2.12	2.10 - 2.20	2.31	1.75 - 2.73	-	Soudeur à la machine .....
25. Welder, Production .....	2.28	2.04	1.60 - 2.29	2.17	2.25 - 3.08	2.91	2.25 - 3.08	2.62	Soudeur, entretien .....
Standard Hours per Week	10.4	13.2	40 - 47	42.6	40 - 47	40.3	1.90 - 2.47	2.24	1.90 - 2.47
								40.6	Heures normales par semaine

See footnote at end of table.  
Voir renvoi à la fin du tableau.

# Table 7 (cont.)

Table 58 - MOTOR VEHICLE PARTS AND ACCESSORIES<sup>1</sup> - (Concluded) - Tableau 58 - PIÈCES DE VÉHICULES À MOTEUR<sup>1</sup> - (Fin)

PIECE OR INCENTIVE WORK - TRAVAIL À LA PIÈCE OU À PRIME

October 1 - 1965 - 1er octobre

## STRAIGHT-TIME EARNINGS PER HOUR - GAINS HORAIRES NORMAUX

Occupation	TORONTO						Occupation	
	ONTARIO			ONTARIO				
	Average	Predominant Range	Marge	Average	Predominant Range	Marge		
Moyenne	Moyenne	Predominante	Moyenne	Moyenne	Predominante	Marge	Moyenne	
\$	\$	\$	\$	\$	\$	\$	\$	
1. Assembler, Male.....	2.65	2.65	1.97 - 3.16	2.83	2.60 - 3.46	-	1. Assembleur .....	
2. Assembler, Female.....	1.97	1.97	1.49 - 2.62	2.41	2.04 - 2.78	-	2. Assembleuse .....	
3. Grindier .....	2.93	2.93	2.85 - 2.98	2.91	2.85 - 2.98	-	3. Fraiseur .....	
4. Heat Treater .....	2.82	2.82	2.80 - 2.85	-	-	-	4. Proposé à traitement thermique .....	
5. Inspector, Female.....	2.17	2.17	1.81 - 2.60	-	-	-	5. Inspectrice .....	
6. Lathe Operator .....	2.45	2.45	1.81 - 3.08	-	-	-	6. Conducteur de tour .....	
7. Vachine Operator, Male.....	2.64	2.64	2.50 - 2.81	2.71	2.64 - 2.81	-	7. Conducteur de machine .....	
8. Machine Operator, Female.....	1.99	1.99	1.57 - 2.55	2.34	2.11 - 2.54	-	8. Conductrice de machine .....	
9. Painter, Spray .....	2.21	2.21	-	-	-	-	9. Peintre au pistolet .....	
10. Punch-Press Operator .....	2.34	2.34	1.76 - 2.70	-	-	-	10. Conducteur de presse à découper .....	
11. Set-Up Man .....	2.92	2.92	2.00 - 3.29	-	-	-	11. Monte-ajusteur .....	
12. Welder, Machine .....	2.28	2.28	1.98 - 2.48	1.98	1.98 - 2.01	-	12. Soudeur à la machine .....	
Standard Hours per Week	40.4	40.3	-	40.6	40 - 44	-	Heures normales par semaine	

**Motor Vehicle Parts and Accessories** - Establishments primarily engaged in manufacturing motor vehicle parts, bodies and body parts and accessories for use in motor vehicles, such as engines, brakes, clutches, axles, transmissions, gears, transmissions, wheel, frames, tops, radiators, head lamps, springs, and automobile hardware. Does not include the manufacture of tires and tubes, batteries, and automobile glass.

Heures normales par semaine

**Accessories et pièces de véhicules à moteur** - Établissements s'occupant surtout de la fabrication de pièces de véhicules automobiles, carrosseries et pièces de carrosseries et accessoires servant aux véhicules automobiles, tels que moteurs, freins, embrayages, essieux, engrenages, transmissions, roues, châssis, capotes, radiateurs, phares, ressorts et joint caoutchouc d'automobiles. Ne comprend pas la fabrication des pneus et chambres à air, accumulateurs et places d'automobiles.

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Table 7a: United States:

Table 2 Motor Vehicles: Occupational Averages, April, 1963.

(Number and average straight-time hourly earnings<sup>1</sup> of workers in selected occupations, United States and selected areas, April 1963)

Occupation	United States			Michigan			North Central (except Michigan)			West			United States			Remainder of United States		
	Number of workers	Average hourly earnings	Number of workers	Average hourly earnings	Number of workers	Average hourly earnings	Number of workers	Average hourly earnings	Number of workers	Average hourly earnings	Number of workers	Average hourly earnings	Number of workers	Average hourly earnings	Number of workers	Average hourly earnings	Number of workers	Average hourly earnings
<u>Maintenance</u>																		
Carpenters, maintenance	682	\$3.35	435	\$3.36	156	\$3.35	24	\$3.35	67	\$3.33	821	3.44	16	4.56	1.6	4.56	1.6	4.56
Electricians, maintenance	6,038	3.46	3,300	3.48	1,743	3.44	174	3.43	821	3.44	663	3.47	1.74	3.48	1.74	3.48	1.74	3.48
Machine repairmen	6,159	3.50	3,554	3.50	1,927	3.51	15	3.47	663	3.47	788	3.34	1.74	3.35	1.74	3.35	1.74	3.35
Millwrights	6,475	3.38	3,568	3.39	1,945	3.37	174	3.34	788	3.34	578	3.38	100	3.36	578	3.36	100	3.36
Pipefitters, maintenance (tinsmiths)	3,846	3.38	2,025	3.39	1,443	3.37	100	3.36	174	3.36	174	3.38	10	3.39	174	3.38	10	3.39
Sheet-metal workers, maintenance (tinsmiths)	1,247	3.38	738	3.39	325	3.38	10	3.39	174	3.38	174	3.38	10	3.39	174	3.38	10	3.39
<u>Toolroom</u>																		
Die sinkers, drop-forged dies	239	4.29	148	4.31	75	4.19	-	-	-	-	-	-	-	-	16	4.56	16	4.56
Machine tool operators, toolroom	3,853	3.49	2,344	3.39	1,132	3.49	-	-	-	-	-	-	-	-	377	3.48	377	3.48
Patternmakers, metal and wood	1,497	4.09	894	4.11	462	4.04	-	-	-	-	-	-	-	-	1.41	4.13	1.41	4.13
Tool and die makers	13,876	3.62	7,809	3.62	4,572	3.62	103	3.55	1.392	3.55	1.392	3.55	1.392	3.55	1.392	3.55	1.392	3.55
<u>Custodial and material handling</u>																		
Checkers, receiving and shipping	5,590	2.76	2,936	2.76	1,739	2.76	233	2.74	682	2.74	682	2.74	2.74	2.74	2.74	2.74	2.74	2.74
Janitors, porters, or cleaners	8,207	2.52	4,061	2.52	2,765	2.53	303	2.52	303	2.52	303	2.52	1.078	2.52	1.078	2.52	1.078	2.52
Laborers, material handling	8,028	2.66	3,361	2.66	3,620	2.68	300	2.62	787	2.62	787	2.62	1.433	2.62	1.433	2.62	1.433	2.62
Truckers, power	11,701	2.72	6,120	2.71	3,772	2.73	376	2.71	2.71	2.71	2.71	2.71	2.71	2.71	2.71	2.71	2.71	2.71
<u>Other selected occupations</u>																		
Assemblers, line and bench	79,212	2.74	34,237	2.73	28,587	2.74	2,75	2.73	12,873	2.73	12,873	2.73	2.73	2.73	2.73	2.73	2.73	2.73
Inspectors, general production	24,211	2.79	12,627	2.78	8,332	2.80	.509	2.85	2,743	2.79	2,743	2.79	2.79	2.79	2.79	2.79	2.79	2.79
Machine-tool operators, production:																		
Bar stock screw-machine operators	1,643	2.92	799	2.95	668	2.91	-	-	-	-	-	-	-	-	176	2.83	176	2.83
Crankshaft grinders	2,917	2.86	615	2.85	184	2.93	-	-	-	-	-	-	-	-	118	2.80	118	2.80
Others	26,951	2.76	15,322	2.76	9,428	2.77	-	-	-	-	-	-	-	-	2,201	2.68	2,201	2.68
Metal finishers	4,130	2.89	1,504	2.89	1,620	2.88	243	2.89	763	2.89	763	2.89	2.89	2.89	2.89	2.89	2.89	2.89
Molders, machine	2,89	2.89	3,397	2.89	119	2.88	-	-	-	-	-	-	-	-	54	2.93	54	2.93
Punch-press operators	21,570	2.76	12,072	2.75	6,875	2.78	-	-	-	-	-	-	-	-	2,402	2.72	2,402	2.72
Sewing machine operators	3,974	2.66	3,307	2.67	666	2.60	-	-	-	-	-	-	-	-	1,079	2.87	1,079	2.87
Sprayers, body, fenders, and hood	4,750	2.87	1,871	2.87	1,411	2.87	389	2.83	796	2.83	796	2.83	1,030	2.85	1,030	2.85	796	2.85
Trimmers, body	4,871	2.84	1,754	2.86	1,291	2.85	-	-	-	-	-	-	-	-	522	2.87	522	2.87
Weavers, hand	5,224	2.88	2,862	2.88	1,618	2.89	-	-	-	-	-	-	-	-	2,88	2.87	2,88	2.87
Welders, machine (resistance)	15,451	2.81	6,309	2.81	5,798	2.79	-	-	-	-	-	-	-	-	2,491	2.81	2,491	2.81

**1** Excludes incentive payments and premium day for overtime and for work on weekends, holidays, and late shifts.

NOTE: Dashes indicate no data reported or data that do not meet publication criteria.

Source: U.S. Dept. of Labor, Industry Wage Survey, April, 1963, Bulletin No. 1393, p. 9.

## AUTOMATION

In the May 16-21, 1967, UAW Constitutional Convention, under the general subject of attrition, the resolutions committee asserted the conviction that "technology must be the servant and not the master of man and that technological progress must not be achieved at the sacrifice of human values." It was urged~~s~~ that management planning could avoid the displacement of workers due to automation and technological change. Specifically, the committee proposed that collective bargaining agreements stipulate that the adjustment of a firm's work force be by the process of attrition, that is of quits, deaths, ~~retirements~~, promotions, etc., rather than by displacement of the workers. This recommendation was included in the collective bargaining resolutions at the April 20-22, 1967, collective bargaining convention.

Several resolutions were introduced at the April, 1967, convention which expressed concern on the subject of automation. One resolution, for example, recommended that a clause be included in contracts to permit the contract to be re-opened in the event that the company introduced automated equipment. One resolution submitted by UAW local No.444 in fact urged the Federal Minister of Labour of Canada to implement immediately the recommendations of the Freedman Report by amending the Industrial Relations and Disputes Investigation Act. Another resolution sought to have "iron-clad guarantees against the dissipation of unit work" as a result of companies having work performed by other than UAW employees, and another, wanted 100 per cent wages paid to employees with seniority who are displaced as a result of technological change or of the "free trade agreement".

## SUBCONTRACTING

Subcontracting, or the letting out of work outside a company, has been developing into a very thorny problem-area in the automobile and other industries. The May, 1966, convention did not include any resolution on the subject. In the April, 1967, special convention, several proposed resolutions were submitted. One resolution wanted to ensure that workers could strike on such issues during the life of the contract. Another would include in the Chrysler contract a clause preventing a company from contracting out work without approval of the local union. The Canadian local 444 wanted to have changes in the (Ontario) Labour Relations Act to permit workers in the UAW in Canada to strike on contract violations of this kind during the life of the agreement. An imaginative proposal from the GM Sub-Council No.9 would establish a joint, labor-management committee to resolve all such issues. Several other variations on these proposals were also submitted.

The March 16-18, 1967, 12th International Skilled Trades Conference of the UAW, held in Atlantic City, New Jersey, placed its first resolution on the subject of sub-contracting of work and incorporated all the ideas represented above. Later, in the April, 1967, Detroit convention, under the heading of subcontracting, substandard work and bargaining unit erosion, the joint resolutions constitution committee proposed that:

1. a fair standards clause be included in the contracts to eliminate the subcontracting of work from substandard vendors, suppliers,

or subcontractors;

2. interplant subcontracting be restricted to instances where appropriate equipment and qualified bargaining unit personnel are not available;

3. contracts include language to prevent the erosion of the ~~bargaining~~ bargaining unit; and

4. job security be protected by reinforcing the right to strike on this issue, as the right to strike (in the United States) exists with respect to speed-up and unfair production standards issues.

## REST PERIODS

General Motors estimates that 6.75 per cent of productivity in its Canadian plants is lost as a result of rest periods alone. These rest periods originated several decades ago, prior to any dealings with the Union. They are essentially coffee breaks of ten minutes in the morning and ten in the afternoon, or for corresponding times in the other shift, when the assembly lines come to a full halt. Additional time is provided for washup prior to the end of a shift, of five minutes' duration. In all, the Company states~~s~~ that it pays workers for an eight hour day, but receives only seven and a half hours' work. The ~~Maxim~~ Company finds itself in a difficult position in attempting to change this procedure in a manner that would conform to operations in their United States plants. In the latter, the assembly continues and relief is obtained by additional men substituting where necessary for men on the line. It is always difficult~~s~~ to change customary procedures. In this instance, however, ~~is~~ there is an additional problem. The Company sees that in its Canadian operations ~~that~~ foremen would also resist any changes to which they themselves are used and such resistance may take the form of forming a ~~Union~~, a possibility the Company is at pains to avoid.

There are, of course, other variables that have to be taken into consideration. Do these breaks, in which the whole

operation comes to a standstill, improve productivity in the final analysis? That is, are there productivity spurts following the rest periods, as is often recorded? If this is the case, and if rejections, or wastage were lower following these breaks, they may very well compensate for any loss of time. The Company has always been reluctant to provide actual productivity data in this respect. It is not possible to arrive at any sound conclusion on the matter without empirical evidence.

Although the origin of these breaks is not clearly known, the first collective bargaining agreement, between GM of Canada and its employees in Oshawa, provided for two, five-minute, rest periods a day. This was increased from five to ten minutes for each rest period in the second agreement, reached April 12, 1942 with UAW as bargaining agent for these employees. These rest periods have been in effect for twenty-four years in their present form. Ford of Canada, at least since its first agreement in January, 1942, and Chrysler Canada, have the same practice.

The agreements usually stipulate that the rest periods are granted to the employees "upon representations of the union that the time limits thereof shall be strictly adhered to and that no production shall be lost as a result thereof.". (Ford of Canada \* UAW, January 24, 1965 agreement.) The UAW maintains that the companies only agreed to grant these rest periods after the Union conceded that assembly line speeds be increased to 104%.

There ~~wax~~ apparently was a trade off which could represent a difficult problem area in the 1967 negotiations, especially in view of the disagreements on production standards.

## PRODUCTION STANDARDS

Although resolutions were adopted by the collective bargaining conventions in both the United States and Canada on the subject of production standards, close investigation of the matter would seem to indicate that this is not a real issue at present. A resolution in the Detroit, April, 1967, convention, speaks of the advances made in the 1964 negotiations on unfair production standards in the area of product mix, and in machine-paced jobs. Although the grievance procedure exists to permit workers to correct what they perceive to be unfair standards, the UAW maintains that the procedure is unduly slow and that managements gain from such unnecessary delays. The resolution points out further the restrictions on Canadian workers which are contained in provincial labour laws, which prevent workers from striking during the life of an agreement on ~~such~~ such issues.

Several of the proposed resolutions submitted by various local unions pointed out that the companies are reducing the number of employees while increasing production, thereby increasing the work load for remaining employees. They propose further that the line be stopped whenever the production standard has been reached within any given hour and that once work standards have been established, following a model change, the number of employees required for established production be indicated and that it remain at the indicated level as long as production is constant. Some resolutions see solutions to the problem in increasing the amount of time given for rest periods. The Canadian collective bargaining conference repeated the need to amend existing legislation.

## COMPULSORY OVERTIME

In the May, 1966 constitutional convention the general concept of overtime was attacked as being excessive in the automobile industry. It was maintained that the industry, including the parts industry, had averaged 6.2 overtime hours per week in 1965, contrasted with an overall manufacturing average of 3.6 hours a week. The resolution stated that it was immoral that some workers should work overtime as long as there was unemployment, and placed the blame on government for not raising statutory overtime pay from time-and-a-half to double-time.

In resolution number 14, the 12th international skilled trades conference of the UAW, March 16-18, 1967, noted that excessive overtime affected the health and safety of workers and deprived them of a normal family life. The resolution urged that overtime assignments be voluntary for each individual worker and that overtime premiums be increased. The proposed resolutions of the April, 1967, convention did not tackle this subject under the heading of overtime, but several made proposals for a shorter work week which would have some effect on overtime, possibly counter to that sought in making overtime voluntary. The final resolution adopted at that convention sought to make overtime voluntary and subject to higher premiums.

The Canadian collective bargaining conference maintained that management uses ~~mix~~ wages and overtime pay to confuse the public when weekly rates are reported. Each negotiating committee was asked to negotiate a clause making overtime voluntary. It was further proposed that overtime

premiums ~~shall~~ be increased:

- twice
1. first two hours at ~~the~~ regular rate
  2. after two hours at three times the regular rate
  3. all Saturdays at double time
  4. all Sundays at triple time
  5. all holidays at triple time plus holiday pay.

## RIGHT TO STRIKE

The matter of the union's right to strike for certain issues during the life of the contract has been brought up under various other headings. It is sufficient to note here that this issue is a very difficult one in Canada, since the Ontario Labour Relations Act precludes any strike during the life of a collective bargaining agreement. In the United States, it has been possible for the UAW to strike on production standards changes and related issues during the contract. The UAW in Canada wants a similar right in Canada but recognizes that the inclusion of such a clause in the contract ~~xxx~~ would, in effect, be illegal in the Province of Ontario.

## GRIEVANCES AND ARBITRATION

The major dissatisfaction with the grievance procedure on the part of the Union and the membership is that very often, due to delays, managements are able to continue practices which are the source of grievances for a long time. Some union members and officials feel that some issues such as those arising out of changes in production standards, for example, cannot be readily resolved by the grievance procedure, nor by arbitration.

In GM of Canada the grievance procedure consists of four steps, moving from the Foreman, to the Superintendent, or department head, then on, at the third step, to local management. The fourth step takes the grievance to the Director of Personnel of the Company, and from there to arbitration if no agreement could be reached at each of the four steps. In GM of Canada, the UAW and the Company have agreed on Professor Curtis, of Queen's University, Kingston, as the arbitrator.

Ford of Canada also has a four-step grievance procedure. However, up to this year, arbitration was handled by a panel of judges. An amendment to the Federal Judges Act precluded judges handling arbitration cases and the Company is concerned about the matter. Ford of Canada has not the same faith in university professors as does its competitor (in matters of arbitration). This problem, as it affects the Federal legislation, is discussed under the heading "Other Legal Problems" earlier in this part of the study.

Arbitration cases for both companies were analyzed for a few years back, and will have to represent a separate section in the final report of this study which will be ready by the Fall of 1968.

It may generally be concluded, however, that the grievance and arbitration procedures have functioned effectively and are contributing in no small way to the effectiveness of collective bargaining.

## SKILLED TRADES AND PROTECTION OF EQUITY

The problem of the skilled trades within the UAW itself has been discussed elsewhere in this study. Here the question in Canada of a loss of the skill mix among the work force is considered. Following the 1965 Automobile Agreement between the governments of Canada and the United States, and the centralization of management in the United States in respect of many Canadian operations, some skilled workers have moved over to the United States. No data are immediately available, but further investigation of the matter is necessary.

As may be seen from the advertisement below, which appeared in the August 24, 1967, issue of the Toronto Globe and Mail, the Ford Motor Company in the United States is actually attempting to recruit skilled Canadians for work in the United States. Of course the Canadian Government has been attempting to recruit skilled workers abroad, including ~~in~~ the United States, also. Again, data should be obtained from the Manpower and Immigration Department and from United States authorities to see what effect this will have on the Canadian labour force.

The UAW in Canada has been concerned because the loss of such skilled people has many implications for its membership in Canada. The UAW urges the Canadian Government to ensure that the renewal of the Automobile Agreement include guarantees for the protection of equities.

Toronto Globe & Mail, August 24, 1967, p. 39.

TO PLACE A WANT AD PHONE 363-5331

91 Skilled Help Wanted 91 Skilled Help Wanted 91 Skilled Help Wanted

## STAFFING LARGE NEW PLANT

Splendid Opportunity To Start In A New Plant On The Ground Floor

# FORD MOTOR COMPANY

## WOODHAVEN STAMPING PLANT

Located South of Detroit, Michigan

HAS MANY OPENINGS FOR

**DIEMAKERS**

**DIE TRYOUT**

EXPERIENCE IN DIE REPAIR, DIE BARBER, FITTING, SPOTTING ETC.

**MACHINE REPAIRMEN**

STEADY EMPLOYMENT PLUS LIBERAL OVERTIME  
 HIGH STARTING RATE PLUS COST OF LIVING ALLOWANCE, SHIFT PREMIUMS,  
 PAID HOSPITALIZATION, PAID GROUP INSURANCE, PAID VACATION,  
 PAID HOLIDAYS, BEREAVEMENT PAY, JURY DUTY PAY, ETC.  
 DOCUMENTARY PROOF OF QUALIFICATIONS REQUIRED.

Contact Mr. D. O. Eldredge At The Valhalla Inn  
 185 Etobicoke Rd., Off Hwy. 27 Toronto (Islington), Ontario

Friday, August 25 Thru Sunday August 27, 1967 Between The Hours Of

6 p.m. — 9 p.m. On Friday

9 a.m. — 6 p.m. On Saturday

9 a.m. — 12 Noon Sunday

Or

STATE QUALIFICATIONS AND ADDRESS REPLIES TO:

**FORD MOTOR COMPANY**

WOODHAVEN STAMPING PLANT  
 20900 West Road Trenton, Michigan

**IN-PLANT UNION REPRESENTATION**

All contracts provide for in-plant representation. The UAW is not satisfied that this representation is adequate and has asked for more. Specifically, the UAW wants more stewards and committeemen on a full-time basis so that grievances could be handled expeditiously. Moreover, the UAW wants to ensure that skilled trades should be represented by stewards from the skilled trades who understand the nature of their problems. As in the case of other issues, this matter can only be negotiated with the companies on a clear quid pro quo basis and the outcomes cannot be known in advance of current negotiations.

## OTHER PROBLEM AREAS

There are numerous other problem areas in addition to those briefly sketched above. The list of issues and problems shown below, attempts to identify which party sees some of these problems as issues. Again, it is not an exhaustive list; it does represent the more critical items of current concern. The final report of this study will include both an historical and contemporary analysis of problem areas.

LIST OF CURRENT ISSUES AND PROBLEMS IN COLLECTIVE BARGAINING  
IN THE AUTOMOBILE MANUFACTURING INDUSTRY IN CANADA

<u>Issue</u>	Seen as an Issue by
	C=company U=union
REST PERIODS	C
WAGE PARITY	U
PRODUCTIVITY OF CANADIAN WORKERS AND CANADIAN PLANTS	U C
- CAR PRICES	
- AUTOMOBILE COMPANY PROFITS	
- RATIONALIZATION AND AUTO AGREEMENT	C
CONCILIATION PROCEDURE	U
PRODUCTION STANDARDS AND SPEEDUPS	U
OVERTIME, OBLIGATORY	U
SUBCONTRACTING	U
AUTOMATION	U
ARBITRATION	C (Ford)
SKILLED TRADES, FUNCTION OF LOGISTICS	U
UNGUARANTEED ANNUAL INCOME	U
SUB	U
REPRESENTATION (u in-plant union rep)	U
RIGHT TO STRIKE	U
INJUNCTIONS	C + U

## PART VI

## CONCLUSIONS

Collective bargaining in the automobile/industry in Canada has shown itself to be a viable institution over the last thirty years. The labour legislation, the relations between companies and unions, both in the day-to-day administration and interpretation of the contracts, and in the negotiation of new contracts governing hours, wages and working conditions, have been proven in the crucible of experience as contributing to stable and mature industrial relations. While sources of conflict still remain, and may perhaps always remain under the present political and economic structure of society, these conflicts have been resolved by the philosophy and practice of collective bargaining. Some problems, which affect the industrial relations system in the industry, cannot be solved by the processes of collective bargaining. Such matters as the question of the productivity of the industry in relation to its counterpart in the United States, for example,--a central issue following the United States-Canadian Automobile Agreement of January 16, 1965,--can only be solved by the ~~reputation~~ Canadian Government. As such, the limitations of the institution of collective bargaining must clearly be understood, and its major contributions to industrial peace, appreciated.

No institution is perfect, neither is it static. Institutions must change and adapt to new societal needs. In a democratic society, the nature of any such changes are usually incremental, proceeding slowly.

When the legislative framework affecting collective bargaining in such an important industry shows signs of weakness, as it does in the two-step, compulsory, conciliation procedure, which governs the bulk of the industry situated in the Province of Ontario, it is natural to look for some alternatives. The procedure may ~~well~~ work well in a number of other industries, especially in the case of smaller companies. In the increasing complexity which characterizes Canadian society at this present stage of development, it is understandable also that more flexible approaches to conciliation and the promotion of labour peace, should emerge.

This study showed beyond any doubt that several steps were needed at the level of public policy, both at federal and provincial governmental levels, which could substantially promote labour peace and enhance collective bargaining for the benefit of the country and <sup>the</sup> parties concerned. These steps were shown to be largely interrelated. No single step alone would ensure anything. Taken together, however, there would be greater chances for success. Foremost among these steps is the need for more sophisticated information about the industry, and about industrial relations in the industry. Such information must not only be gathered but also disseminated and made public. Information on productivity in the automobile manufacturing industry ~~is~~ transcends industrial relations issues and is vital to an informed understanding in Canada of the realistic alternatives to be considered by January 1, 1968, the date when the Agreement is subject to renewal. Information on productivity is vital to an understanding of whether or not increases in productivity will contribute to higher wages and lower automobile prices, or both.

Information on industrial relations in the industry is necessary for the two parties, for governments, and for independent scholars. Such data as company wage and related chronologies, analyses of wages, hours and working conditions beyond mere ~~reporting~~ reporting of survey data, are urgently needed. In part this has to be achieved by an upgrading of the industrial relations function in Canadian universities and colleges, perhaps by more systematic government assistance of research. It can also be achieved by upgrading the quality of personnel in the governmental departments of labour at federal and provincial levels. Until the expertise and the experts are available, the kind of sophisticated mediators or conciliators needed to ~~assist~~ assist the parties in coming to terms, will not be ~~not~~ available. Until such upgrading occurs, it will not be useful to modify the provincial conciliation procedure as suggested, that is, by providing more flexibility to the minister of labour so that he can use discretion in the use of mediators in disputes.

In another, perhaps even more controversial, sphere, there is need on the part of the political leadership, to educate public opinion, rather than to confuse it, on the degree of economic interdependence between Canada and the United States. Again, while this issue transcends industrial relations, it certainly affects the automobile manufacturing industry very materially. An integrated North American automobile industry, essentially United States-owned, has pushed even further, the already established trends by which Canadians are emulating life styles and living standards in the United States. These pressures may, or may not, fly in the face of economic realities. They will serve to make such matters as wage parity a very live~~x~~ issue.

The preceding findings and recommendations are as broad as they are, simply because this is a preliminary, and short-term, study. What is suggested is the need for further study. Certainly, in the case of the examination of collective bargaining in the automobile manufacturing industry in Canada, the preliminary study showed clearly that four months were insufficient to provide any real depth, when these four months had to involve both field work (on a limited budget and with little or no assistance) and writing of a report. To compound the problem, 1967 negotiations got underway and settlements will not be made possibly until the end of the year 1967, if not later. A more exhaustive study will be available by the Fall of 1968.

Within the limitations indicated above, and in the body of the study itself, the following preliminary findings have been made in respect of collective bargaining in the automobile manufacturing industry in Canada. The balance of power between the parties has been more with the Union, the UAW, inspite of the great size and power of the automobile companies. General Motors and Ford rank as the two largest industrial corporations in the United States. Their Canadian subsidiaries loom large on the Canadian industrial scene also. Nevertheless, by a combination of circumstances the UAW has been able to keep an edge in the balance of bargaining power. As a result of the evolution of the history of collective bargaining, the UAW has dealt, and continues to deal, with each company separately. This has been true not only between the Big Three--GM, Ford and Chrysler--in the United States and also in Canada, but also between the ~~United States~~ parent corporation in the United States and its subsidiary in Canada. The effect of this single company, single country, bargaining has been used to

advantage by the UAW. A single company, ~~sixty~~ usually a different one in each country, is selected as the target company. By striking a single company, and thus permitting other companies to continue production, great pressure was brought to bear on that company to settle as close to the UAW terms as possible. The success of this strategy may be seen in the way the UAW has won concessions from the so-called independents, or smaller automobile companies such as Studebaker and American Motors. It is significant that Studebaker is no longer manufacturing automobiles, and that American Motors is in a very marginal position, with only three per cent of the market.

In 1964, by the use of the "selective strike", the UAW was able to make it even more painful for the company selected as the target. By permitting workers in a struck company to continue to produce materials which were destined to competitors, thereby ensuring that those competitors could continue production, further pressure was placed to induce a settlement.

Still other circumstances contributed to the UAW's power. The companies themselves recognize the problems of discipline in the day-to-day management of production, and in the daily administration of the collective bargaining contract. They recognize, further, that no small contribution is made to effective discipline by the leadership of the union. In the game of collective bargaining, then, the companies know that to concede certain things to the union, thereby enhancing the position of the union's leadership, and detracting from splinter groups and rebellious elements within the union, they are ensuring that the union can discipline its membership. No least

among such considerations is the understanding that a strike can serve the purpose of reinforcing the union's leadership. Reinforcing the leadership of as able a leader as Walter Reuther, President of the UAW, also involves a price and that price will mean the achievement of more costly settlements. The companies have learned, however,--some better than others--that a costly settlement in terms of a large wage increase may be cheap in the long run. What is more costly is loss of control over the shop. As long as there is control of the shop, management has a flexibility in operations, which, once lost, can spell trouble. Many corporations in and out of the industry have had to buy back control of the shop at a great price; some have had to get out of an industry altogether, as Studebaker did in 1966.

The consequences for collective bargaining in the industry of the Automobile Agreement of January 16, 1965, have been to create virtually an international industrial relations system in the North American automobile market, with a greater degree of centralization of management and of labour relations policies. The UAW drive for uniformity in wages and working conditions for its membership in Canada and the United States--which is felt to be in the best interests of workers in both countries--is coming close to fulfillment. The forces of economic integration and of the Canadian desire to emulate styles of life and living standards in the United States will further contribute to such uniformities. The implications of such a development for the Canadian economy as a whole cannot be fully anticipated, but they are not likely to be disastrous.

## APPENDICES

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